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# **Fiscal Council**

**Joe Negron, Chair**  
**Fred Brummer, Vice Chair**

**Thursday December 8, 2005**  
**Keed Hall (102 EL)**

# **Council Meeting Notice**

## **HOUSE OF REPRESENTATIVES**

**Speaker Allan G. Bense**

### **Fiscal Council**

**Start Date and Time:** Thursday, December 08, 2005 08:00 am  
**End Date and Time:** Thursday, December 08, 2005 09:00 am  
**Location:** Reed Hall (102 HOB)  
**Duration:** 1.00 hrs

**Consideration of the following bill(s):**

HB 1B Slot Machine Gaming by Business Regulation Committee

**NOTICE FINALIZED on 12/07/2005 17:23 by SLB**



# **Florida House of Representatives**

Fiscal Council

**Allan Bense**  
Speaker

**Joe Negron**  
Chair

## **AGENDA**

**December 8, 2005**

**8:00 a.m. – 9:00 a.m.**

**Reed Hall (102)**

- I. Meeting Call to Order**
- II. Opening Remarks by Chair**
- III. Consideration of the following bill(s):**  
**HB 1B Slot Machine Gaming by Business Regulation Committee**
- IV. Closing Remarks and Adjournment**

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 0001B PCB BR 05B-01  
**SPONSOR(S):** Business Regulation Committee  
**TIED BILLS:** IDEN./SIM. BILLS: SB 4B

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Business Regulation Committee	17 Y, 0 N	Morris	Liepshutz
1) Commerce Council	13 Y, 0 N	Morris	Bohannon
2) Fiscal Council		Belcher <i>per 1/2</i>	Kelly <i>OK</i>
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

### SUMMARY ANALYSIS

This bill implements Article X, Section 23 of the State Constitution which authorized, contingent upon voter approval in a local referendum, the operation of slot machines at certain existing pari-mutuel facilities in Broward and Miami-Dade Counties.

The bill authorizes Class III Las Vegas-style slot machines, limits the number of machines that may be operated at a facility to no more than 1,000 per facility, and imposes a flat tax of 55% on slot machine revenue. Slot machine gaming may be conducted up to 16 hours per day year-round. The payout rate is required to be no less than 85 percent per facility per day and players must be at least 21 years of age. Slot machine prize payouts of \$600 or more must be checked against a database of persons owing delinquent child or spousal support before being paid and any such delinquency is deducted from the prize payment.

The bill establishes the regulatory framework for all entities involved in the operation of slot machine gaming and regulatory responsibility is placed in the Division of Pari-mutuel Wagering in the Department of Business and Professional Regulation and all regulation of slot machine gaming is pre-empted to the state. The bill provides for a significant law enforcement presence through the Florida Department of Law Enforcement and local law enforcement agencies.

The bill provides for thoroughbred purses, breeders', stallion and special racing awards.

The Revenue Estimating Conference estimates that the provisions of this bill would generate approximately \$158.9 million in FY 2007-08. The conference assumed no revenues would be collected in FY 2005-06 and assigned an indeterminate impact in FY 2006-07. The conference estimates that the provisions of the bill would have a negative \$2.1 million impact on local government revenue collections. [see Fiscal Section for more information.]

Estimated regulatory costs total \$6,344,700 in Fiscal Year 2005-2006, with annualized recurring costs estimated at \$8,490,007. Due to an anticipated lag in the receipt of license fees compared to start-up costs for the regulatory program, an alternative funding source to cover initial program costs will be required. Unencumbered cash from non-slot revenues in the Pari-mutuel Wagering Trust Fund appears to be a likely alternative. In addition, annual cost associated with the prevention of compulsive and addictive gambling totals \$1 million. [see Fiscal Section for more information.]

The bill takes effect upon becoming a law.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government; ensure lower taxes; safeguard individual liberty; promote personal responsibility; empower families; maintain public security:**

The bill implements Article X, Section 23 of the Florida Constitution, which authorizes slot machines within certain pari-mutuel facilities located in Broward and Miami-Dade Counties, contingent upon approval by local referendum.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

##### Article X, Section 23 - Slot Machines

Amendment 4 to the State Constitution was approved by the voters at the November 2004 General Election. Passage of Amendment 4 authorized the governing bodies of Broward and Miami-Dade Counties to hold a county-wide referendum in their respective counties on whether to authorize slot machines within existing, licensed pari-mutuel facilities that have conducted live racing or games in that county during each of the last two calendar years before the effective date of the Constitutional Amendment [2002 and 2003].

Article X, Section 23, Florida Constitution reads as follows:

##### SECTION 23. Slot machines.--

(a) After voter approval of this constitutional amendment, the governing bodies of Miami-Dade and Broward Counties each may hold a county-wide referendum in their respective counties on whether to authorize slot machines within existing, licensed parimutuel facilities (thoroughbred and harness racing, greyhound racing, and jai-alai) that have conducted live racing or games in that county during each of the last two calendar years before the effective date of this amendment. If the voters of such county approve the referendum question by majority vote, slot machines shall be authorized in such parimutuel facilities. If the voters of such county by majority vote disapprove the referendum question, slot machines shall not be so authorized, and the question shall not be presented in another referendum in that county for at least two years.

(b) In the next regular Legislative session occurring after voter approval of this constitutional amendment, the Legislature shall adopt legislation implementing this section and having an effective date no later than July 1 of the year following voter approval of this amendment. Such legislation shall authorize agency rules for implementation, and may include provisions for the licensure and regulation of slot machines. The Legislature may tax slot machine revenues, and any such taxes must supplement public education funding statewide.

(c) If any part of this section is held invalid for any reason, the remaining portion or portions shall be severed from the invalid portion and given the fullest possible force and effect.

(d) This amendment shall become effective when approved by vote of the electors of the state.

Both Broward and Miami-Dade Counties held local referendums on whether to authorize slot machines in their respective counties on March 8, 2005. Voters in Broward County approved the measure while voters in Miami-Dade County voted against authorizing slot machines at pari-mutuel facilities in that county. Voters in Miami-Dade County may vote on this issue two years following this initial vote.

There are four pari-mutuel facilities in Broward County: Dania/Summersport Jai Alai, Gulfstream Thoroughbred Park, Hollywood Greyhound Track and Pompano Park Harness that appear to qualify for the addition of slot machines gaming at their facility.

### **Effect of Proposed Changes**

This bill creates a new chapter 551, Florida Statutes, entitled Slot Machines. The Division of Pari-mutuel Wagering [Division] in the Department of Business and Professional Regulation is tasked with the regulatory oversight of slot machine gaming at qualifying pari-mutuel facilities.

The Division is required to implement rules relating to licensing, regulation, tax collection, auditing, investigations, and administrative enforcement of chapter 551. The division, the Department of Law Enforcement [FDLE], and local law enforcement agencies are granted unrestricted access to the slot machine facility at all times and shall require strict compliance with all laws of the state by the licensee. The bill requires the slot machine licensee to provide adequate office space to the division and the FDLE at the slot machine facility for oversight of slot machine operations. The office space must be provided at no cost, and the division is authorized to adopt rules establishing the required configuration, location, and needed electronic and technological requirements.

A slot machine license may only be issued to a licensed pari-mutuel permitholder in a county that has voted to allow slot machine gaming pursuant to Art. X, Section 23 of the State Constitution. Slot machine gaming may only be conducted at the same facility authorized for pari-mutuel wagering, and the slot machine gaming areas must be connected to and contiguous with the operation of the live gaming facility. A slot machine license is not transferable and must be renewed annually.

Existing s. 849.16, F.S., provides that any machine or device is a slot machines or unlawful device under chapter 849 if it is one that is adapted for use in such a way that the machine operates as a result of the insertion of any piece of money, coin, or other object and the user, by reason of any element of chance, may receive or become entitled to receive money, or credit, tokens, etc. which may be exchanged for money or other thing of value, or secure additional chances to use the machine. This bill creates a new definition for slot machines, as follows:

"Slot machine" means any mechanical or electrical contrivance, terminal, machine, or other device that, upon insertion of a coin, bill, ticket, token, or similar object or upon payment of any consideration whatsoever, including the use of any electronic payment system except a credit card or debit card, is available to play or operate, the play or operation of which, whether by reason of skill or application of the element of chance or both, may deliver or entitle the person or persons playing or operating the contrivance, terminal, machine, or other device to receive cash, billets, tickets, tokens, or electronic credits to be exchanged for cash or to receive merchandise or anything of value whatsoever, whether the payoff is made automatically from the machine or manually. The term includes associated equipment necessary to conduct the operation of the contrivance, terminal, machine, or other device. Slot machines may use spinning reels, video displays, or both. A slot machine is not a "coin-operated amusement machine" as defined in s. 212.02(24), or an amusement game or machine as described in s. 849.161, and slot machines are not subject to the tax imposed by s. 212.05(1)(h).

Notwithstanding this definition, the bill places a restriction on the type of slot machines that may be used by specifying that the machines may accept only "tickets or paper currency or an electronic payment system" and that coins, credit or debit cards, tokens, or similar objects are prohibited. Payouts to the player must be made in the form of tickets that may be exchanged for cash, merchandise, or other items of value. This provision does not preclude the use of electronic credit systems, e.g. player cards, etc., for making wagers and issuing payouts. The bill also prohibits progressive games whereby slot machines in one or more facilities are linked and offer higher payouts.

Slot machine licensees are prohibited from making loans, providing credit, or cashing personal, third-party, corporate, business, or government-issued checks and ATMs are not allowed in the facility.

The bill limits the number of machines that may be operated at a facility to no more than 1,000 per facility, and the payout rate is required to be no less than 85 percent per facility per day. Slot machine gaming may be conducted up to 16 hours per day, 365 days a year.

The bill imposes a tax of 55% on slot machine revenue which is defined to be "the total of all cash and property received by the slot machine licensee from slot machine gaming operations less the amount of cash, cash equivalents, credits, and prizes paid to winners of slot machine gaming." The tax is required to be paid by the 5<sup>th</sup> day of each month. The division may require that all taxes, fees, or other assessments be paid by electronic funds transfer.

Each slot machine licensee is required to post a \$2 million performance bond for the licensee's first year of operation. Thereafter, the bond may be reviewed for adequacy by the division but in no case can it be reduced below \$2 million.

The annual slot machine license fee is \$3 million which is deposited into the Pari-mutuel Wagering Trust Fund to cover the cost of regulation. The division is required, prior to January 1, 2007, to evaluate the adequacy of the license fee and make a recommendation to the Legislature regarding the optimum level of license fees to properly support regulation.

The bill requires that the facilities-based computer system that the slot machine licensee uses for operational and accounting functions be specifically structured to facilitate regulatory oversight and that the Division and FDLE have complete and continuous access to system. To ensure compliance with this chapter, the system must be designed to allow the Division and the FDLE to monitor at any time and on a real-time basis, the wagering patterns, payouts, tax collection and other operations of the slot machine licensee. The division and FDLE will have the ability to immediately suspend play on a particular slot machine or the entire operation if there is a reasonable suspicion of tampering or other manipulation. The division is granted rule-making authority for the review and approval of the facilities-based computer system to ensure access, security and functionality.

Slot machine licensees are required to maintain permanent daily records of all financial transactions for a period of not less than five years and those records must be available for audit and inspection by the division, the FDLE and other law enforcement agencies during regular business hours. Licensees are required to file monthly reports and must submit an audit of the receipt and distribution of slot machine revenues performed by an independent CPA within 60 days after completion of the permitholder's pari-mutuel meet.

The bill authorizes the sharing of information among the division, the FDLE, law enforcement agencies having jurisdiction over slot machine gaming or pari-mutuel activities, and any other state or federal law enforcement agency the division or the FDLE deems appropriate.

#### Qualification of Slot Machine Licensees

The bill establishes as a condition of licensure that the slot machine licensee must continue to be in compliance with chapter 551 as created in this legislation and chapter 550 relating to their pari-mutuel wagering activities, and maintain the pari-mutuel permit and license in good standing.

Chapter 550, F.S., the Florida Pari-mutuel Wagering Act, provides for the regulation of pari-mutuel wagering activities by the Division of Pari-mutuel Wagering in the Department of Business and Professional Regulation. Applicants for a permit to conduct pari-mutuel wagering must undergo background investigations and are disqualified if the Division determines the applicant has been convicted of certain offenses. For these purposes the applicant includes: the permitholder, an employee of the permitholder, a sole proprietor; corporate officer or director, general partner, trustee, member of an unincorporated association permitholder, a joint venturer, the owner of more than 5 percent equity interest, and certain others who are able to control the business of the permitholder.

Section 550.1815, F.S., outlines disqualifying offenses, including: a felony in this state; a felony in any other state which would be a felony if committed in this state; a federal felony; a felony under the laws of another state if related to gambling which would be a felony under Florida law; and bookmaking. Slot machine licensees, by virtue of holding a pari-mutuel permit, may not have been convicted of any disqualifying offense.

The bill requires the licensee to be responsible for maintaining and providing current and accurate information of any changes relating to qualifications for the license. Direct or cumulative changes in ownership or interest of a slot machine gaming license of 5 percent or more must be approved by the division. All changes in ownership or interest of less than 5 percent must be reported to the division within 20 days. An exception is created for reporting ownership of 5 percent or less of a publicly traded corporate owner of a slot machine license.

## Occupational Licenses

The bill establishes three types of occupational licenses: general, professional, and business.

"General" occupational licenses include food service, maintenance and similar service and support personnel having access to the slot machine gaming area. The annual license fee for general occupational licenses may not exceed \$50 and must be paid for by the slot machine licensee.

"Professional" occupational licenses include any person who is authorized to manage, oversee, or otherwise control daily operations of a slot machine facility. The annual license fee for a professional occupational license may not exceed \$50.

"Business" occupational licenses include management companies, manufacturers and distributors of slot machines and associated equipment, businesses that sell or provide goods or services associated with slot machine gaming, and any person not an employee of the slot machine licensee that provides maintenance, repair, or upgrades or otherwise services a slot machine or other slot machine equipment. The annual license fee for a business occupational license may not exceed \$1,000.

The Division may deny, suspend, revoke or refuse to renew any occupational license if the licensee has:

- o Violated ch. 551 or rules of the Division;
- o Been convicted of a felony or misdemeanor related to gambling or bookmaking;
- o Been convicted of certain criminal offenses including a capital felony, any felony in this state or another state, an offense that would be a felony under Florida law involving arson, drug trafficking, racketeering, etc.;
- o Been convicted of a crime involving a lack of good moral character; or
- o Had a gaming license revoked by this state or another state for any gaming-related offense.

For these purposes the term "conviction" includes a finding of guilt, with or without adjudication of guilt, as a result of a jury verdict, nonjury trial, or an entry of a plea of guilty or nolo contendere.

Slot machine occupational licenses may be issued for a three-year period and are not transferable. Each slot machine occupational licensee is required to wear an identification card on their person while in slot machine gaming areas.

The division may deny, revoke, suspend or place conditions on a license if the person or entity has been refused a license or whose license is under suspension or has unpaid fines in another state or jurisdiction.

## Fingerprint Requirements

As part of the licensing process individuals and entities applying for an occupational license are required to submit fingerprints for a criminal history records check. Fingerprints are submitted to the FDLE for state processing and to the FBI for national processing.

All fingerprints submitted to the FDLE must be retained by the FDLE and entered into the statewide automated fingerprint identification system [AFIS]. The FDLE is required to check all arrest fingerprints against those retained in AFIS, and any arrest of an occupational licensee will be reported to the division for disciplinary purposes. Each slot machine licensee is required to pay a fee, as established by rule, to cover the cost of fingerprint retention and the ongoing searches.

Since the ongoing searches conducted by the FDLE do not include the FBI database, fingerprints are resubmitted to the FBI every three years after initial licensure and fingerprinting for an updated FBI criminal records check.

The cost of processing fingerprints and conducting the criminal history records check for a general occupational license is required to be borne by the slot machine licensee. The cost of processing fingerprints and conducting the criminal history records check for professional and business occupational licenses is required to be borne by the person being checked.

## Facility Security

As a condition of licensure a slot machine licensee is required to implement at least the minimum security requirements as determined by division rule, and any changes to the security plan must be approved by



the division. The security plan must include a floor plan, the locations of security cameras and other security equipment that is capable of observing and electronically recording activities in the licensed slot machine facility. The security plan must remain in operation at all times. Security plans of this nature are exempt from public records disclosure pursuant to s. 119.071(4), F.S.

The FDLE and local enforcement agencies have concurrent jurisdiction to conduct investigations of any criminal activity occurring at the slot machine facility and may conduct such investigations in conjunction with the appropriate state attorney. The slot machine facility is required to provide law enforcement with access to the facility and any information and records contained within the facility that are necessary to conduct their investigations.

Slot machine licensees have a common law right to bar any person from the slot machine facility. The bill allows the division to exclude certain persons from a slot machine facility for conduct that would constitute, if the person were a licensee, a violation of chapter 551 or rules of the division.

#### Integrity of Games

The slot machine licensee must ensure complete and continuous access to the facilities-based computer system that the licensee uses for operational and accounting functions. To ensure compliance with this chapter, the system must be designed to allow the Division and the FDLE to monitor at any time and on a real-time basis, the wagering patterns, payouts, tax collection and other operations of the slot machine licensee. The division and FDLE will have the ability to immediately suspend play on a particular slot machine or the entire operation if there is a reasonable suspicion of tampering or other manipulation. The division is granted rule-making authority for the review and approval of the facilities-based computer system to ensure access, security and functionality.

The slot machine licensee must ensure that each slot machine is protected against manipulation or tampering. The Division and the FDLE have unrestricted access to and right of inspection to any area of the facility where activities related to slot machine gaming are conducted.

#### Prohibited Relationships and Activities

The bill implements numerous restrictions on relationships and activities of licensees, division personnel, and law enforcement officers.

Manufacturers and distributors of slot machines are prohibited from entering into any contract with a slot machine licensee that provides for any revenue sharing of any kind that is calculated on the basis of a percentage of slot machine revenues. Further, manufacturers, distributors and their employees are prohibited from having any ownership or financial interest in a slot machine license or a business owned by the slot machine licensee.

Division personnel are prohibited from being an officer, director, owner, or employee of any person or entity licensed by the division and are also prohibited from having or holding any interest, direct or indirect, or engaging in any business with any person licensed by the division. Likewise, division personnel and any family member living in the same household are prohibited from playing slot machines at a facility licensed by the division.

Similarly, an occupational licensee or relative living in the same household of the occupational licensee may not wager at any time on a slot machine located at a facility where that person is employed.

No employee of a law enforcement or regulatory agency may be employed by a slot machine licensee or any entity conducting business with the licensee within the designated slot machine gaming area or in any other restricted area that supports slot machine operations. An exception is created for employment that does not involve access to these restricted areas.

#### Age Restrictions

Section 550.0425, F.S., allows minor children [a person who has not attained the age of 18] to attend pari-mutuel events accompanied by a parent or guardian under conditions and at times determined by each pari-mutuel permitholder. That statute also allows minors to be employed in a pari-mutuel facility except in positions directly involving wagering or alcoholic beverages. This bill prohibits a person under the age of 21 from playing a slot machine, being employed in, or allowed in the slot machine gaming area of a

licensed facility. The bill also requires slot machine licensees to post signs within the designated slot machine gaming area advising of this prohibition.

#### Days and Hours of Operation for Slot Machine Gaming and Pari-mutuel Wagering

This bill allows slot machine gaming to be conducted sixteen hours per day year-round.

This bill specifies that in order to conduct slot machine gaming a licensee must "conduct no fewer than a full schedule of live races or games as defined in s. 550.002(11)."

A "full schedule" is a term coined for the purpose of a pari-mutuel facility conducting intertrack wagering<sup>1</sup> and usually constitutes a lesser number of live races or games than might be conducted under a permitholder's annual license. For purposes of conducting intertrack wagering, a "full schedule" constitutes 40 live regular performances for a thoroughbred permit; 100 live regular performances for a harness track; and 100 live evening or matinee performances for a greyhound permit. For jai alai permitholders 100 live evening or matinee performances constitutes a full schedule; however, that number was increased during the 2005 Regular Session to 150 performances for any jai alai permitholder with slot machines and reduced to 40 performances for specified jai alai permitholders whose handle was less than \$4 million during a specified two-year period of time.

This bill allows pari-mutuel permitholders to amend their 2006-2007 pari-mutuel wagering licenses within 60 days of the effective date of this legislation to reflect a different number of operating dates than had previously been requested and granted. The bill also contains an "Act of God" provision which specifies that the number of required live races or games may be reduced by the number of lives races or games which could not be conducted as a direct result of fire, war, hurricanes, or other disaster or event beyond the permitholder's control.

The bill does not impact days or hours of operation for cardrooms.<sup>2</sup>

The bill requires slot machine licensees to provide equipment in the slot machine gaming area sufficient to allow the observation of and wagering on live, intertrack and simulcast pari-mutuel races and games.

#### Alcoholic Beverage Sales

Section 565.02(5), F.S., provides for a special alcoholic beverage license for caterers at pari-mutuel facilities enabling the caterer to sell alcoholic beverages without obtaining the more expensive quota liquor license required by s. 565.02(1), F.S. This bill authorizes the issuance of a caterer's license allowing the sale and service of alcoholic beverages on days the facility is open to the public for slot machine gaming. The bill prohibits complimentary or reduced price alcohol from being served to a person playing a slot machine. All alcohol served to a person playing a slot machine must cost at least the same amount as alcoholic beverages served to the general public at a bar in another part of the facility.

#### Reports of Gambling Winnings to IRS and Payment of State Owed Debt

Generally, gambling winnings are reportable to the Internal Revenue Service [IRS]. The requirements for reporting and withholding of federal income tax on those winnings depend on the type of gambling, the amount of the gambling winnings, and generally the ratio of the winnings to the wager. The Department of the Lottery is required to file Form W-2G with the IRS for each person who wins \$600 or more in a lottery game. Prize winnings of \$1,200 or more from slot machines must be reported to the IRS on Form W-2G.

Before paying a lottery prize of \$600 or more, s. 24.115(4), F.S., requires the Department of the Lottery to check the prize winners name against a database of persons owing delinquent child or spousal support and other state-owed debt, such as reimbursement for overpayments of unemployment compensation benefits, overpayments for food stamps, etc. If the person claiming the prize is found to owe delinquent child or spousal support or other

<sup>1</sup> s. 550.002(17) defines intertrack wagering to mean "a particular form of pari-mutuel wagering in which wagers are accepted at a permitted, in-state track, fronton, or pari-mutuel facility on a race or game transmitted from and performed live at, or simulcast signal rebroadcast from, another in-state pari-mutuel facility."

<sup>2</sup> Section 849.086, F.S., establishes the criteria for operating cardrooms at licensed pari-mutuel facilities. Cardrooms may only be operated at the location where the permitholder conducts pari-mutuel wagering and may only operate between the hours of 12 Noon and 12 Midnight on days the facility is authorized to accept wagers on live pari-mutuel events during its regular authorized meet. Three of the four pari-mutuel facilities in Broward County currently operate cardrooms.

state-owned debt the delinquency is deducted from the prize and any remaining funds are then disbursed to the prize winner. The Department of the Lottery maintains a database of this information received from other state agencies which is updated weekly or monthly, depending upon the submitting agency.

Similar to Department of Lottery operations, this bill requires any slot machine prize of \$600 or more to be checked against a registry of persons owing delinquent child or spousal support. Any such delinquency will be deducted from the prize winnings and the remaining balance, if any, will be paid to the prize winner.

#### Purchasing and Employment Opportunities

As a condition of licensure, the bill requires slot machine licensees to maintain a written policy for nondiscriminatory employment and for creating opportunities for the employment of Florida residents and for making purchases from Florida vendors and minorities.

#### Compulsive Gambling

The bill requires slot machine licensees to implement responsible gaming programs and practices and to train their employees on responsible gaming. Slot machine licensees are required to post signs warning patrons of gambling risks, odds of winning, and informing patrons of a telephone helpline available to provide information and referral services.

The bill requires the division to contract for provision of services related to the prevention of compulsive and addictive gambling. This contract must also include an advertising program to encourage responsible gaming practices and publicize the gambling helpline. In addition to the public advertisements, the advertisements must be made within the slot machine gaming areas. The contract for services must include accountability standards that must be met by the private provider. Failure to meet the accountability standards or other material terms of the contract constitutes a breach of contract and grounds for nonrenewal. The division is authorized to consult with the Department of the Lottery in the development and procurement of the program. The program is funded from a \$250,000 fee designated for this purpose and collected annually from each slot machine licensee.

#### Manufacture, Sale, Possession of Coin-Operated Devices

Section 849.15, F.S., prohibits the manufacture, possession, sale, and transportation of slot machines in Florida. Similarly, federal law [15 U.S.C. ss. 1171-1177 also known as the Johnson Act] prohibits such possession or transportation into a state in violation of that states' law. This bill specifically provides that all shipments of gaming devices, including slot machines or parts thereof, to an eligible facility in any county where slot machine gaming is authorized, are deemed to be legal and exempt from other state and federal prohibitions.

#### Enforcement and Penalties

A law enforcement officer or a slot machine operator who has probable cause to believe that certain types of theft have occurred at a slot machine facility is authorized to take a person into custody and detain the person in a reasonable manner and for a reasonable time. If the slot machine operator detains a person suspected of such theft the slot machine operator is required to call a law enforcement officer to the scene immediately. This bill allows a law enforcement officer to arrest a person, either on or off the premises and without warrant, upon probable cause.

Any person who resists the efforts of a law enforcement officer or slot machine operator to recover stolen slot machine proceeds and who is subsequently found guilty commits a misdemeanor of the first degree unless the person did not have reason to know that the person seeking to recover the lost proceeds was a law enforcement officer or slot machine operator.

The bill allows the division to exclude certain persons from a slot machine facility for conduct that would constitute, if the person were a licensee, a violation of chapter 551 or rules of the division.

In addition, the bill provides for imposition of the following penalties:

- Revocation or suspension of a slot machine license for the *willful* failure to pay an administrative penalty, pay a required tax, or violation of chapter 551 or rule adopted pursuant thereto;

- Imposition of a \$100,000 administrative penalty in lieu of suspension or revocation of a slot machine license for those specified willful violations;
- 3<sup>rd</sup> degree felony for theft of slot machine proceeds or property by an employee of the slot machine operator or facility, or by an employee of a person or entity contracted to provide services to the operator or facility;
- 3<sup>rd</sup> degree felony for physical tampering with a slot machine and other fraudulent offenses; and
- \$10,000 per day administrative penalty for failure to pay tax, knowingly making or causing another to make a false statement in certain documents or unlawful possession of a slot machine.

In addition to the above specified penalties, the bill adds violations of s. 551.109, F.S., as chargeable offenses under the state's Racketeer Influenced and Corrupt Organization [RICO] Act. Section 551.109, F.S., enumerates prohibited acts such as making false statements in required reports, unlawful possession of a slot machine, skimming of slot machine proceeds, and cheating, and establishes administrative, civil and criminal penalties for those violations.

### Fiscal

The bill imposes a 55 percent flat tax on slot machine revenue and requires that the taxes are remitted monthly. These tax revenues are deposited into the Pari-mutuel Wagering Trust Fund for immediate transfer to the Educational Enhancement Trust Fund. The bill specifies that these revenues may not be used for recurring expenditures.

Slot machine licensees are required to post a \$2 million bond for the licensee's first year of operation. Annually thereafter the bond may be adjusted upward based on an evaluation by the division of the bond's sufficiency to cover the anticipated state revenues due from the licensee's slot machine operations. The bill specifies, however, that the bond may not be reduced below \$2 million.

Upon initial licensure and annually thereafter, slot machine licensees are required to pay a nonrefundable \$3 million license fee. Prior to January 1, 2007, the division is required to evaluate this fee and make recommendations to the Legislature on the optimum fee necessary to support the regulation of slot machine gaming.

Persons and businesses associated with slot machine gaming are required to obtain an occupational license from the division. These occupational license fees may not exceed \$50 for a general or professional occupational license or \$1,000 for a business occupational license.

All license fees, administrative penalties and other assessment are deposited into the Pari-mutuel Wagering Trust Fund.

The bill funds a compulsive gambling prevention program from revenues received from an annual \$250,000 fee paid by each slot machine facility.

The slot machine definition specifies that these slot machines are not coin-operated amusement machines as defined in s. 212.02(24), F.S. or described in s. 849.161, F.S., and are not subject to the 4 percent sales tax imposed by s. 212.05(1)(h).

Estimated regulatory costs total \$6,344,700 in Fiscal Year 2005-2006, with annualized recurring costs estimated at \$8,490,007. Due to an anticipated lag in the receipt of license fees compared to start-up costs for the regulatory program, an alternative funding source to cover initial program costs will be required. Unencumbered cash from non-slot revenues in the Pari-mutuel Wagering Trust Fund appears to be a likely alternative. In addition, annual cost associated with the prevention of compulsive and addictive gambling totals \$1 million.

To comply with the constitutional requirement that all tax revenue collected from slot machine operations be used to supplement public education funding statewide, this bill exempts slot machine tax revenue from the 7 percent service charge to General Revenue imposed by Section 215.20, F.S.

The Revenue Estimating Conference estimates that the provisions of this bill would generate approximately \$158.9 million in FY 2007-08. The conference assumed no revenues would be collected in FY 2005-06 and assigned an indeterminate impact in FY 2006-07. The conference estimates that the provisions of the bill would have a negative \$2.1 million impact on local government revenue collections. [see Fiscal Section for more information.]

## Preemption

The bill provides that the state has exclusive authority over the conduct of all wagering occurring at a licensed slot machine facility in the state.

## Thoroughbred Purses and Breeders Awards

As a condition of licensure a slot machine licensee applicant must have on file with the division a binding written agreement for payment of purses, and a binding written agreement for payment of breeders', stallion, and special racing awards on live thoroughbred races. The agreement may direct the payment of such purses and awards from revenues generated by any wagering or gaming the applicant is authorized to conduct. If an agreement cannot be reached prior to issuance of a slot machine license, or 120 days prior to the scheduled expiration of a slot machine license, either party may request arbitration. If an agreement is not in place within 60 days of the request for arbitration, the matter is immediately submitted to mandatory binding arbitration. No later than 90 days thereafter [or 30 days in the case of a license renewal] the arbitration panel must present a proposed agreement that a majority of the panel believes equitably balances the rights, interests, obligations, and reasonable expectations of the parties. The agreement will be effective until the parties enter into a new agreement or until the last day of the license or renewal period when the process begins anew.

## C. SECTION DIRECTORY:

**Section 1.** The bill creates a new Chapter 551, Florida Statutes, consisting of sections 551.101, 551.102, 551.103, 551.104, 551.105, 551.106, 551.107, 551.108, 551.109, 551.111, 551.112, 551.113, 551.114, 551.116, 551.117, 551.118, 551.119, 551.121, and 551.122.

**Section 551.101,** F.S., authorizes slot machine gaming at licensed pari-mutuel facilities in Broward or Miami-Dade Counties existing at the time of adoption of the constitutional amendment if the facility conducted live racing or games during both 2002 and 2003 calendar years and if voters in a countrywide referendum have authorized slot machine gaming in that county.

**Section 551.102,** F.S., consists of subsections (1) – (12) and provides definitions for: distributor; designated slot machine gaming area; division; eligible facility; manufacturer; progressive system; slot machine; slot machine facility; slot machine license; slot machine licensee; slot machine operator; and, slot machine revenues.

**Section 551.103,** F.S., consists of subsections (1) – (6) and provides the powers and duties of the division and law enforcement. This section requires the division to adopt rules necessary to implement, administer, and regulate slot machine gaming and those rules must include:

- Procedures for applying for licenses;
- Technical requirements and qualifications for licensees;
- Procedures for verifying, accounting, auditing and collection of tax revenue and fees;
- Procedures for regulating, managing and auditing the operation, financial data, and program information of a licensee, including the facilities-based computer system;
- The ability for the division and FDLE to monitor on a real-time basis the wagering patterns, payouts, tax collection and compliance, including the ability to suspend play immediately on a particular slot machine or the entire system;
- Procedures for provision of a \$2 million performance bond;
- Procedures for maintenance and submission of specified records, including financial and income records;
- A requirement that the payout percentage of slot machines be no less than 85 percent per facility per day;
- Standards for facility security.

This section also:

- Requires the division to conduct investigations;
- Specifies that the FDLE and local law enforcement have concurrent jurisdiction to investigate criminal violations;
- Provides the division, FDLE, and local law enforcement unrestricted access to the slot machine facility and requires strict compliance with the laws by the licensee;
- Authorizes the division to revoke or suspend licenses; and

- Clarifies that the section does not prohibit certain investigations of criminal activities or restrict access to the slot machine facility or to certain information and records.

Section 551.104, F.S., consists of subsections (1) - (11) and provides licensing standards and qualifications for slot machine gaming licensees. As a condition of licensure and to maintain the license in good standing, a slot machine licensee must:

- Maintain compliance with chapter 550 and 551;
- Conduct no fewer than a full-schedule of live races or games;
- Provide current information on changes in ownership;
- Allow unrestricted access and right of inspection to the division and FDLE;
- Ensure that the facilities-based computer system is designed to facilitate regulatory oversight;
- Ensure that each slot machine is protected from manipulation or tampering;
- Submit and maintain a security plan;
- Create written policies for purchase and employment;
- Ensure the slot machine payout percentage is not less than 85 percent per facility per day.

In addition, this section provides that:

- Slot machine licenses are not transferable;
- Permanent daily records of slot machine operations be maintained for not less than a five years;
- Monthly reports of slot machine operations must be submitted to the division;
- An annual audit of the receipt and distribution of all slot machine revenue by an independent CPA be provided to the division;
- The division may share information with law enforcement agencies;
- Delinquent child or spousal support must be withheld from slot machine winnings of \$600 or more; and
- No slot machine license or renewal thereof may be issued until the slot machine applicant has a binding written agreement governing the payment of purses and owners', breeders', stallion and special racing awards on live thoroughbred races on file with the division. The agreement requires binding arbitration in certain circumstances.

Section 551.105, F.S., consists of subsections (1) – (3) and provides that slot machine licenses are effective for one year and are renewed annually.

Section 551.106, F.S., consists of subsections (1) – (5) and provides for license fees, tax rate, payment procedures and penalties. This section:

- Establishes a \$3 million annual nonrefundable slot machine license fee to cover the cost of investigations, regulation, and enforcement;
- Imposes a 55 percent flat tax on slot machine revenue. This tax revenue is deposited into the Pari-mutuel Wagering Trust Fund for immediate transfer to the Educational Enhancement Trust Fund in the Department of Education;
- Specifies that slot machine tax revenue may not be used for recurring appropriations;
- Requires slot machine taxes to be paid monthly and subjects the slot machine licensee to a \$10,000 administrative penalty for each day the tax payment is delinquent.

Section 551.107, F.S., consists of subsections (1) – (8) and provides the standards, qualifications and fees for three types of occupational licenses: general, professional, and business.

- The fee for general and professional occupational licenses may be no more than \$50 annually and the fee for a business occupational license may be no more than \$1,000 annually.
- Disqualifying offenses include violations of chapter 550 or rules enacted pursuant thereto, a previous license revocation in this state or other jurisdiction for any gaming-related offense, and specified crimes. The term conviction includes adjudication withheld and nolo contendere.
- The bill requires ongoing criminal records checks by the FDLE and every three years by the FBI.
- The cost of the initial fingerprint processing and criminal history check for a general occupational license shall be borne by the slot machine licensee and the cost for professional and business occupational licensees shall be borne by the occupational licensee. Each slot machine facility must also pay a fee to the division to cover the cost of fingerprint retention and the ongoing searches.

Section 551.108, F.S., consists of subsections (1) – (6) and outlines prohibited relationships and activities for division personnel and occupational licensees.

- Division personnel may not be employed by or have any business relationship with anyone licensed by the division.
- Manufacturers and distributors are prohibited from entering into revenue sharing arrangements or having an ownership or financial interest in a slot machine licensee.
- Law enforcement officers are prohibited from moonlighting in any restricted area of a slot machine facility if that officer is an employee of a law enforcement or regulatory agency exercising jurisdiction over the slot machine facility.
- Occupational licensees, division personnel, and any relative of an occupational licensee or division personnel living in the same household, are prohibited from playing slot machines at the facility where that person is employed.

Section 551.109, F.S., consists of subsections (1) – (7) and outlines prohibited acts and penalties. This section provides for imposition of the following penalties:

- 3<sup>rd</sup> degree felony for theft of slot machine proceeds or property by an employee of the slot machine operator or facility, or by an employee of a person or entity contracted to provide services to the operator or facility; for physical tampering with a slot machine; and other fraudulent offenses;
- Up to \$10,000 administrative penalty for intentionally making or causing another to make a false statement in certain documents or unlawful possession of a slot machine.

Section 551.111, F.S., provides that slot machines manufactured, sold, distributed, possessed or operated according to chapter 551 are legal.

Section 551.112, F.S., authorizes the division to exclude certain persons from the facility of a slot machine licensee:

- For conduct that would constitute, if the person were a licensee, a violation of this chapter;
- Any person that has been ejected from a slot machine facility in this state; or
- Any person who has been excluded from a gaming facility in another state by the regulatory agency exercising regulatory jurisdiction in that state.

A slot machine licensee maintains the right to bar any patron from their facility absolutely.

Section 551.113, F.S., consists of subsections (1) – (3) and prohibits a person under the age of 21 from playing slot machines or being employed in a slot machine gaming area and requires the posting of signs concerning the age to play.

Section 551.114, F.S., consists of subsections (1) – (5) and establishes standards for the slot machine gaming area of a slot machine licensee. This section:

- Limits the number of slot machines to 1,000 per facility;
- Requires the display of and wagering on pari-mutuel races or games in the designated slot machine gaming areas;
- Requires posting of warnings, odds of winning, and a telephone hotline;
- Requires slot machine gaming areas to be contiguous and connected to the live gaming facility; and
- Requires the slot machine licensee to provide office space to the division and the FDLE.

Section 551.116, F.S., authorizes slot machine gaming to be conducted daily throughout the year for a maximum of 16 hours per day.

Section 551.117, F.S., provides that a slot machine license may be revoked or suspended for willful violations of chapter 551. In lieu of revocation or suspension, a slot machine licensee may be fined up to \$100,000 for each count or separate offense.

Section 551.118, F.S. consists of subsections (1) – (3) and provides for a compulsive or addictive gambling prevention program.

- Slot machine licensees are required to offer training to their employees on responsible gaming and work with a compulsive or addictive gambling prevention program on ways to recognize problem gaming situations and implement responsible gaming programs and practices.
- The division is required to enter into a contract for provision of services related to the prevention of compulsive and addictive gambling. This contract shall also include an advertising program to promote responsible gaming practices and advertise a gambling telephone help line. These

advertisements must also be made inside the designated slot machine gaming areas. The contract must include accountability standards to be met by the private provider.

- The compulsive or addictive gambling program is funded from an annual \$250,000 regulatory fee paid by each slot machine licensee to the division.

Section 551.119, F.S., authorizes a caterer's license allowing the sale of alcoholic beverages on days the facility is open to the public for slot machine game play.

Section 551.121, F.S., consists of subsections (1) – (6) and enumerates prohibited activities and devices in the slot machine gaming facility including a prohibition on the service of complimentary or reduced-cost alcoholic beverages to patrons playing a slot machine.

In addition, this section prohibits certain financial transactions, including:

- Slot machine licensees may not make any loan, provide credit, or advance cash in order to enable a person to play a slot machine;
- ATMs may not be located within the facilities of a slot machine licensee;
- Slot machine licensees may not accept or cash any personal, 3<sup>rd</sup> party, corporate, business, or government-issued check from any person; and
- Progressive games are prohibited.

This section contains a limitation on the slot machine definition provided in s. 551.102(7), F.S. by specifying that slot machines may accept only "tickets or paper currency or an electronic payment system" for wagering and may only make payouts in the form of tickets. The use of coins, credit or debit cards, tokens, etc. is specifically prohibited; however, an electronic credit system may be used for receiving wagers and making payouts.

Section 551.122, F.S., provides for rulemaking.

**Section 2.** Amends s. 849.15, F.S., to create an exception to the prohibition of possessing or transporting slot machines in the state. The bill specifically provides that all shipments of gaming devices, including slot machines, or parts thereof, to an eligible facility in any county of the state where slot machine gaming is authorized are deemed to be legal and exempt from state and federal prohibitions.

**Section 3.** Amends s. 895.02, F.S., the state's Racketeer Influenced and Corrupt Organization [RICO] Act, to classify violations of s. 551.109, F.S., as racketeering activity or constituting an unlawful debt. Section 551.109, F.S., enumerates prohibited acts such as making false statements in required reports, skimming of slot machine proceeds, and cheating, and establishes administrative, civil and criminal penalties for those violations.

**Section 4.** Preempts all regulation of slot machine gaming to the state.

**Section 5.** Provides an appropriation.

**Section 6.** Amends subsection (1) of s. 215.22, F.S., to exempt slot machine revenue from General Revenue service charge.

**Section 7.** Provides that the act will take effect upon becoming a law.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

The Revenue Estimating Conference estimates that the provisions of this bill would generate approximately \$158.9 million in FY 2007-08. The conference assumed no revenues would be collected in FY 2005-06 and assigned an indeterminate impact in FY 2006-07.



	FY 2006-07 (Millions)	FY 2007-08 (Millions)
General Revenue-Sales Tax	(Indeterminate)	(\$10.4)
State Trust:		
EETF Lottery Loss	(Indeterminate)	(\$8.7)
EETF Slot machine revenue tax	Indeterminate	\$165.0
Pari-mutuel Wagering Trust Fund Gaming License	\$12.0	\$12.0
Pari-mutuel Wagering Trust Fund Gambling Regulatory Fee	\$1.0	\$1.0
Occupational License Fees	Indeterminate	Indeterminate
Total State Impact	Indeterminate	\$158.9, plus Occupational License Fees

## 2. Expenditures:

### Regulatory Provision:

The following fiscal-impact information has been estimated for the state cost associated with the regulatory, oversight, and licensing requirements imposed by this legislation. Full-time equivalent positions (FTE) and the impact for Fiscal Year 2005/06 represent partial-year costs.

	<u>FTE</u>	<u>Salary Rate</u>	<u>FY2005/06</u>	<u>FY2006/07</u>
Operating:				
Florida Department of Law Enforcement (FDLE)				
Operating Trust Fund	39	1,682,034	\$2,209,562	\$3,231,601
Department of Business & Professional Regulation (DBPR)				
Division of Pari-mutuel Wagering	41	1,637,132	\$1,846,717	\$2,969,985
Office of the General Counsel	2	90,455	900,493	271,858
Central Service Operations	3	82,755	48,844	132,321
Transfer to FDLE	-	-	2,209,562	3,231,601
Total – All Funds	46	1,810,342	\$5,005,616	\$6,605,765
Pari-mutuel Wagering Trust Fund			\$4,056,279	\$6,201,586
Administrative Trust Fund			\$ 949,337	\$ 404,179
Non-Operating:				
Department of Business & Professional Regulation				
Service Charge to General Revenue			\$ 899,360	\$ 899,360
Transfer of Fingerprint Fees			226,800	226,800
Internal Transfer for Direct Costs			1,162,261	1,162,261
Total – Pari-mutuel Wagering Trust Fund			\$2,288,421	\$2,288,421
Total – Department of Business & Professional Regulation			\$7,294,037	\$8,894,186
Total Operating & Non-Operating:				
Pari-mutuel Wagering Trust Fund (DBPR)			\$6,344,700 *	\$ 8,490,007
Administrative Trust Fund (DBPR)			949,337	404,179
Operating Trust Fund (FDLE)			2,160,660	3,035,981
Total All Funds			\$9,454,697	\$11,930,167

\* Due to internal funds transfers, total trust funds exceed actual disbursement of regulatory fees. Total costs from the Pari-mutuel Wagering Trust Fund represent the total cost of the regulatory program.

### Compulsive and Addictive Gambling Provision:

Department of Business & Professional Regulation

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

**1. Revenues:**

The Revenue Estimating Conference has estimated that the provisions of this bill would have the following impacts on local governments:

	FY 2006-07 (Millions)	FY 2007-08 (Millions)
Revenue Sharing	(Indeterminate)	(\$.3)
Local Government Half Cent Revenue Sharing	(Indeterminate)	(\$.9)
Local Option Sales Tax	(Indeterminate)	(\$.9)
Total Local Impact	(Indeterminate)	(\$2.1)

**2. Expenditures:**

Local governments and municipalities where the facilities are located and nearby counties and municipalities may incur increased expenditures to meet additional needs related to law enforcement, transportation, and human services. The expenditures required to meet those needs are not quantifiable at this time.

To assist in defraying the cost of local government impacts, including the effects upon quality of life and community values, costs, and expenses that will be incurred as a result of the pari-mutuel facilities' development and operation of slot machines, Broward County has entered into written agreements with the four pari-mutuel facilities located in the county. In addition to payments to the county for county-wide impacts, the agreements provide for payments to the county that will be distributed to the municipalities where the facilities are located. The payment percentages are as follows per facility: 1) For county-wide impacts, 1.5 percent of the first \$250 million in slot machine revenues and 2.0 percent of revenues above \$250 million; and, 2) For the municipalities where the facilities are located, 1.7 percent of the first \$250 million in slot machine revenue and 2.5 percent above \$250 million. Some adjacent communities, for example the City of Hollywood, have expressed a concern that these agreements do not adequately address their concerns and anticipated required expenditures.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

The degree to which private individuals or businesses [including existing tourist destinations and attractions, Indian gaming facilities, and cruises-to-nowhere] located nearby the slot machine gaming facilities or located throughout the state will benefit or be harmed economically by the presence of slot machine gaming in Broward County does not appear quantifiable at this time.

**D. FISCAL COMMENTS:**

The bill provides partial-year funding for regulatory functions in the Department of Business & Professional Regulation and the Department of Law Enforcement and directs the Governor to hold all appropriations and positions in reserve contingent on the submission of expenditure plans by the agencies to the Governor and the chair and vice chair of the Legislative Budget Commission. This will allow a phase-in of budget releases contingent upon immediate funding needs as the program is implemented and the availability of cash to support the budget authority. Due to an anticipated lag in the receipt of license fees compared to start-up costs for the regulatory program, an alternative funding source to cover initial program costs will be required. Unencumbered cash from non-slot revenues in the Pari-mutuel Wagering Trust Fund appears to be a likely alternative. As mandated by s. 550.135, Florida Statutes, these funds are transferred to the General Revenue Fund annually. Temporary use of the unencumbered funds for start-up costs would delay cash transfers from Pari-mutuel Wagering Trust Fund to the General Revenue Fund.

In addition to the regulatory costs associated with slot machine operations, the state can expect an increase in costs related to problem gambling, which could lead to a need for increased expenditures in several

areas, including law enforcement [including impacts on the courts and prisons], mental health and addiction treatment costs, among others.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to take an action requiring the expenditure of funds, does not reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not reduce the percentage of state tax shared with counties or municipalities.

##### 2. Other:

None noted.

#### B. RULE-MAKING AUTHORITY:

The Division of Pari-mutuel Wagering and the Department of Law Enforcement are granted rule-making authority.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

##### Recent Litigation

Subsequent to adjournment of the 2005 Regular Session several pari-mutuel facilities filed suit in Broward County asking the court to declare that the pari-mutuel facilities are entitled to transport, possess, install, and operate slot machines and to permanently enjoin the State Attorney from prosecuting these facilities for doing so in Broward County.<sup>3</sup>

Declaratory and injunctive relief was granted and the State Attorney was permanently enjoined from initiating criminal or civil action against the plaintiffs for transporting, possessing, installing, or operating slot machines on or after July 1, 2005. Moreover, the judge retained jurisdiction to allow the Broward County Commission to enact rules and regulations to implement the constitutional amendment.

The State Attorney's Office in Broward County appealed the Circuit Court's order to the 4<sup>th</sup> District Court of Appeal. The appellate court refused to reinstate a stay pending appeal that the Circuit Court had vacated. Thereafter, the appellate court granted a motion to expedite the appeal and scheduled oral argument for January 3, 2006.

Pursuant to that ruling, the Broward County Board of County Commissioners contracted with Gaming Laboratories International [GLI], an independent gaming device and systems test laboratory, to prepare draft regulations which include a comprehensive set of rules, regulations and internal control procedures and provide an overview of actions and resources required for the County to regulate slots. The Broward County Commission has not acted to implement these regulations at this date.

##### Indian Gaming

There are currently seven Tribal casinos operating in Florida, including two recently opened Hard Rock casinos in Hollywood and Tampa. The Seminole and Miccosukee Tribes currently operate tribal casinos in Broward, Collier, Glades, Hillsborough, Miami-Dade and Pasco counties where they offer gaming on various card games, bingo, and electronic bingo games. In the past these electronic bingo games have been opposed by the state as unauthorized Class III games but have been classified by the National Indian Gaming Commission, an independent agency within the U. S. Department of the Interior responsible for implementing the Indian Gaming Regulatory Act, as Class II machines.

<sup>3</sup> *Hartman & Tyner, Inc. et al. v. Satz*, Case No. 05-07900 (13)

Indian tribes are sovereign nations and, therefore, free from most federal and state governmental control. State laws, including those regarding gambling activities, do not generally apply to Indians or Indian lands without the consent of Congress. A significant expansion of Indian gambling was realized following passage of the Indian Gaming Regulatory Act<sup>4</sup> [IGRA] by Congress in 1988. IGRA provides that a tribe may only be engaged in those same type gambling activities as are authorized by law in that state. For example, if a state authorizes penny-ante poker, the tribes can, likewise, conduct poker; if the state specifically prohibits wagering on all card games, the tribe cannot conduct wagering on card games.

IGRA identifies three classes of gambling on Indian lands:

**Class I** includes social games and traditional and ceremonial games which may be played for prizes of minimal value. This type of gambling is under the exclusive jurisdiction of the tribes.

**Class II** includes bingo, pull tabs, and games similar to bingo, plus non-banking card games unless they are otherwise prohibited by state law. Class II gaming does not include any banking card games, such as baccarat or blackjack, or electronic or electromechanical facsimiles of any games of chance or slot machines of any kind. Class II games may, however, utilize "electronic, computer or other technologic aids." Class II gambling is subject to the provisions of IGRA and oversight by the National Indian Gaming Commission.

**Class III** includes all other types of gambling including pari-mutuel wagering on horses, dogs and jai alai, house-banked card games, casino games such as roulette, craps and keno, and slot machines. Electronic games of chance, such as video poker, are also considered Class III games.

IGRA provides that a tribe may not legally conduct Class III gambling until it reaches agreement with a state under a state-tribal compact and provides procedures for the tribe to pursue should an agreement not be reached. Those procedures include action in a U.S. District Court, mediation, and involvement by the Secretary of the Interior. The efficacy of this remedy for the tribes is questionable because the U. S. Supreme Court held in 1996 that the 11<sup>th</sup> Amendment provides the state sovereign immunity against suit by the tribe.<sup>5</sup> In that litigation the State of Florida and the Seminole Tribe of Florida were unable to reach agreement on a requested state-tribal compact resulting in prolonged litigation and the Secretary of the Interior contemplating the implementation of rules allowing the Seminole Tribe to proceed.

In light of passage of Art. X, Sec. 23, both the Miccosukee Tribe of Florida<sup>6</sup> and the Seminole Tribe of Florida<sup>7</sup> have submitted formal requests to the Governor to begin compact negotiations for Class III gaming.

#### Debt Service on Bonds

By the terms of Amendment 4, any state revenue from the taxation of slot machines must be used for supplementing public education funding statewide. Revenues from the taxation of slot machine revenue may be required to be deposited in the Educational Enhancement Trust Fund to be available first for debt service payments on bonds issued under the 1997 School Capital Outlay Bond Program, the Classrooms First Program, and the Class Size Reduction Lottery Revenue Bond Program pursuant to ss. 1013.70(1), 1013.68(4), and 1013.737(3), F.S., respectively. All of those subsections authorize the establishment of covenants in connection with the issuance of bonds that provide that any additional funds received by the state from new or enhanced lottery programs, video gaming, or other similar activities will first be available for payments relating to the bonds, prior to use for any other purpose. The Resolutions of the Division of Bond Finance of the State Board of Administration which appear in the Official Statements related to the issuance of bonds under those programs contain covenants with the registered owners that any net revenues received by the state from video gaming or other similar activities, regardless of what entity operates these activities, will first be available for payment of debt service on the bonds or other payments required pursuant to the Resolution prior to use for any other purpose. However, the applicability of these covenants to tax revenue derived from slot machine gaming in pari-mutuel facilities may be called into

<sup>4</sup> 25 U.S.C, chapter 29

<sup>5</sup> See *Seminole Tribe of Florida v. State of Florida*, 517 U.S. 44 (1996)

<sup>6</sup> See letter from Dexter Lehtinen, Tribe Counsel, dated November 4, 2004

<sup>7</sup> See letter from Mitchell Cypress, Chairman of Tribal Council, dated March 22, 2005

question, since Article VII, Section 11(d), of the Florida Constitution provides that “revenue bonds may be issued by the state or its agencies without a vote of the electors to finance or refinance the cost of state fixed capital outlay projects authorized by law, and purposes incidental thereto, and shall be payable solely from funds derived directly *from sources other than state tax revenues.*” [Emphasis supplied.]

#### Florida School Board Association Agreement

On October 22, 2004, the Florida School Boards Association entered into an agreement with the seven pari-mutuel facilities in Broward and Miami-Dade Counties wherein the pari-mutuel facilities agreed to pay to the Association 30 percent of the gross slot machine revenue generated at their respective facilities annually. The agreement specifies that the payments will commence upon passage of an authorizing referendum in the county of operation and upon the initial operation of slot machines by the facility and will continue until such time as the Legislature enacts legislation providing for the collection of taxes or fees on slot machine operations.

The agreement further provides that in the event the cumulative amount of tax imposed by the Legislature is less than 30 percent of the gross slot revenue generated by the facility, each facility is required to pay the amount of the difference between the two.

Revenues collected pursuant to this agreement are required to be distributed to each school board in the state in accordance with the respective percentage allocations of general revenue funds each school district is entitled pursuant to the Florida Education Finance Plan.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

1                   A bill to be entitled  
2       An act relating to slot machine gaming; creating ch. 551,  
3       F.S.; implementing s. 23, Art. X of the State  
4       Constitution; authorizing slot machines and slot machine  
5       gaming within certain pari-mutuel facilities located in  
6       Miami-Dade and Broward Counties upon approval by a local  
7       referendum; providing definitions; providing powers and  
8       duties of the Division of Pari-mutuel Wagering of the  
9       Department of Business and Professional Regulation, the  
10      Department of Law Enforcement, and local law enforcement  
11      agencies; providing for licensure to conduct slot machine  
12      gaming; providing licensing conditions on holders of  
13      thoroughbred pari-mutuel wagering permits; providing for  
14      slot machine licensure renewal; providing for a license  
15      fee and tax rate; providing for payment procedures;  
16      providing penalties; requiring slot machine occupational  
17      licenses and application fees; providing penalties;  
18      prohibiting certain relationships; prohibiting certain  
19      acts and providing penalties; providing an exception to  
20      prohibitions relating to slot machines; providing for the  
21      exclusion of certain persons from facilities; prohibiting  
22      persons under 21 years of age from playing slot machines;  
23      providing requirements for slot machine gaming areas;  
24      providing for days and hours of operation; providing  
25      penalties; providing a compulsive or addictive gambling  
26      prevention program; providing for funding; providing for a  
27      caterer's license; specifying prohibited activities and  
28      devices; prohibiting automated teller machines on the

HB 1B

2005

property of a slot machine licensee; providing for rulemaking; amending s. 849.15, F.S.; providing for transportation of certain gaming devices in accordance with federal law; amending s. 895.02, F.S.; providing that specified violations related to slot machine gaming constitute racketeering activity; providing that certain debt incurred in violation of specified provisions relating to slot machine gaming constitutes unlawful debt; providing for preemption; authorizing additional positions and providing appropriations; amending s. 215.22, F.S.; exempting taxes imposed on slot machine revenues from specified service charges; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Chapter 551, Florida Statutes, consisting of sections 551.101, 551.102, 551.103, 551.104, 551.105, 551.106, 551.107, 551.108, 551.109, 551.111, 551.112, 551.113, 551.114, 551.116, 551.117, 551.118, 551.119, 551.121, and 551.122, is created to read:

CHAPTER 551

SLOT MACHINES

551.101 Slot machine gaming authorized.--Any licensed pari-mutuel facility located in Miami-Dade County or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 may possess slot machines

57 and conduct slot machine gaming at the location where the pari-  
 58 mutuel permitholder is authorized to conduct pari-mutuel  
 59 wagering activities pursuant to such permitholder's valid pari-  
 60 mutuel permit provided that a majority of voters in a countywide  
 61 referendum have approved the possession of slot machines at such  
 62 facility in the respective county. Notwithstanding any other  
 63 provision of law, it is not a crime for a person to participate  
 64 in slot machine gaming at a pari-mutuel facility licensed to  
 65 possess and conduct slot machine gaming or to participate in  
 66 slot machine gaming described in this chapter.

67 551.102 Definitions.--As used in this chapter, the term:

68 (1) "Distributor" means any person who sells, leases, or  
 69 offers or otherwise provides, distributes, or services any slot  
 70 machine or associated equipment for use or play of slot machines  
 71 in this state. A manufacturer may be a distributor within the  
 72 state.

73 (2) "Designated slot machine gaming area" means the area  
 74 or areas of a facility of a slot machine licensee in which slot  
 75 machine gaming may be conducted in accordance with the  
 76 provisions of this chapter.

77 (3) "Division" means the Division of Pari-mutuel Wagering  
 78 of the Department of Business and Professional Regulation.

79 (4) "Eligible facility" means any licensed pari-mutuel  
 80 facility located in Miami-Dade County or Broward County existing  
 81 at the time of adoption of s. 23, Art. X of the State  
 82 Constitution that has conducted live racing or games during  
 83 calendar years 2002 and 2003 and has been approved by a majority  
 84 of voters in a countywide referendum to have slot machines at



85 such facility in the respective county.

86 (5) "Manufacturer" means any person who manufactures,  
87 builds, rebuilds, fabricates, assembles, produces, programs,  
88 designs, or otherwise makes modifications to any slot machine or  
89 associated equipment for use or play of slot machines in this  
90 state for gaming purposes. A manufacturer may be a distributor  
91 within the state.

92 (6) "Progressive system" means a computerized system  
93 linking slot machines in one or more licensed facilities within  
94 this state and offering one or more common progressive payouts  
95 based on the amounts wagered.

96 (7) "Slot machine" means any mechanical or electrical  
97 contrivance, terminal, machine, or other device that, upon  
98 insertion of a coin, bill, ticket, token, or similar object or  
99 upon payment of any consideration whatsoever, including the use  
100 of any electronic payment system except a credit card or debit  
101 card, is available to play or operate, the play or operation of  
102 which, whether by reason of skill or application of the element  
103 of chance or both, may deliver or entitle the person or persons  
104 playing or operating the contrivance, terminal, machine, or  
105 other device to receive cash, billets, tickets, tokens, or  
106 electronic credits to be exchanged for cash or to receive  
107 merchandise or anything of value whatsoever, whether the payoff  
108 is made automatically from the machine or manually. The term  
109 includes associated equipment necessary to conduct the operation  
110 of the contrivance, terminal, machine, or other device. Slot  
111 machines may use spinning reels, video displays, or both. A slot  
112 machine is not a "coin-operated amusement machine" as defined in

s. 212.02(24) or an amusement game or machine as described in s. 849.161, and slot machines are not subject to the tax imposed by s. 212.05(1) (h) .

(8) "Slot machine facility" means a facility at which slot machines as defined in this chapter are lawfully offered for play.

(9) "Slot machine license" means a license issued by the division authorizing a pari-mutuel permitholder to place and operate slot machines as provided by s. 23, Art. X of the State Constitution, the provisions of this chapter, and division rules.

(10) "Slot machine licensee" means a pari-mutuel permitholder who holds a license issued by the division pursuant to this chapter that authorizes such person to possess a slot machine within facilities specified in s. 23, Art. X of the State Constitution and allows slot machine gaming.

(11) "Slot machine operator" means a person employed or contracted by the owner of a licensed facility to conduct slot machine gaming at that licensed facility.

(12) "Slot machine revenues" means the total of all cash and property received by the slot machine licensee from the operation of slot machines less the amount of cash, cash equivalents, credits, and prizes paid to winners of slot machine gaming.

551.103 Powers and duties of the division and law enforcement.--

(1) The division shall adopt, pursuant to the provisions of ss. 120.536(1) and 120.54, all rules necessary to implement,

141 administer, and regulate slot machine gaming as authorized in  
 142 this chapter. Such rules must include:

143 (a) Procedures for applying for a slot machine license and  
 144 renewal of a slot machine license.

145 (b) Technical requirements and the qualifications  
 146 contained in this chapter that are necessary to receive a slot  
 147 machine license or slot machine occupational license.

148 (c) Procedures relating to slot machine revenues,  
 149 including verifying and accounting for such revenues, auditing,  
 150 and collecting taxes and fees consistent with this chapter.

151 (d) Procedures for regulating, managing, and auditing the  
 152 operation, financial data, and program information relating to  
 153 slot machine gaming that allow the division and the Department  
 154 of Law Enforcement to audit the operation, financial data, and  
 155 program information of a slot machine licensee, as required by  
 156 the division or the Department of Law Enforcement, and provide  
 157 the division and the Department of Law Enforcement with the  
 158 ability to monitor, at any time on a real-time basis, wagering  
 159 patterns, payouts, tax collection, and compliance with any rules  
 160 adopted by the division for the regulation and control of slot  
 161 machines operated under this chapter. Such continuous and  
 162 complete access, at any time on a real-time basis, shall include  
 163 the ability of either the division or the Department of Law  
 164 Enforcement to suspend play immediately on particular slot  
 165 machines if monitoring of the facilities-based computer system  
 166 indicates possible tampering or manipulation of those slot  
 167 machines or the ability to suspend play immediately of the  
 168 entire operation if the tampering or manipulation is of the

169 computer system itself. The division shall notify the Department  
170 of Law Enforcement or the Department of Law Enforcement shall  
171 notify the division, as appropriate, whenever there is a  
172 suspension of play under this paragraph. The division and the  
173 Department of Law Enforcement shall exchange such information  
174 necessary for and cooperate in the investigation of the  
175 circumstances requiring suspension of play under this paragraph.

176 (e) Procedures for requiring each licensee at his or her  
177 own cost and expense to supply the division with a bond having  
178 the penal sum of \$2 million payable to the Governor and his or  
179 her successors in office for the licensee's first year of slot  
180 machine operations. Annually thereafter, the licensee shall file  
181 a bond having a penal sum that is determined each year by the  
182 division pursuant to rules adopted by the division and that  
183 approximates the anticipated state revenues from the licensee's  
184 slot machine operation; however, the bond may not in any case be  
185 less than \$2 million. Any bond shall be issued by a surety or  
186 sureties approved by the division and the Chief Financial  
187 Officer, conditioned to faithfully make the payments to the  
188 Chief Financial Officer in his or her capacity as treasurer of  
189 the division. The licensee shall be required to keep its books  
190 and records and make reports as provided in this chapter and to  
191 conduct its slot machine operations in conformity with this  
192 chapter and all other provisions of law. Such bond shall be  
193 separate and distinct from the bond required in s. 550.125.

194 (f) Procedures for requiring licensees to maintain  
195 specified records and submit any data, information, record, or  
196 report, including financial and income records, required by this

197 chapter or determined by the division to be necessary to the  
198 proper implementation and enforcement of this chapter.

199 (g) A requirement that the payout percentage of the slot  
200 machines be no less than 85 percent per facility per day.

201 (h) Minimum standards for security of the facilities,  
202 including floor plans, security cameras, and other security  
203 equipment.

204 (2) The division shall conduct such investigations  
205 necessary to fulfill its responsibilities under the provisions  
206 of this chapter.

207 (3) The Department of Law Enforcement and local law  
208 enforcement agencies shall have concurrent jurisdiction to  
209 investigate criminal violations of this chapter and may  
210 investigate any other criminal violation of law occurring at the  
211 facilities of a slot machine licensee, and such investigations  
212 may be conducted in conjunction with the appropriate state  
213 attorney.

214 (4) (a) The division, the Department of Law Enforcement,  
215 and local law enforcement agencies shall have unrestricted  
216 access to the slot machine licensee's facility at all times and  
217 shall require of each slot machine licensee strict compliance  
218 with the laws of this state relating to the transaction of such  
219 business. The division, the Department of Law Enforcement, and  
220 local law enforcement agencies may:

221 1. Inspect and examine premises where slot machines are  
222 offered for play.

223 2. Inspect slot machines and related equipment and  
224 supplies.

225        (b) In addition, the division may:  
 226            1. Collect taxes, assessments, fees, and penalties.  
 227            2. Deny, revoke, suspend, or place conditions on the  
 228 license of a person who violates any provision of this chapter  
 229 or rule adopted pursuant thereto.

230        (5) The division shall revoke or suspend the license of  
 231 any person who is no longer qualified or who is found, after  
 232 receiving a license, to have been unqualified at the time of  
 233 application for the license.

234        (6) This section does not:

235            (a) Prohibit the Department of Law Enforcement or any law  
 236 enforcement authority whose jurisdiction includes a licensed  
 237 facility from conducting investigations of criminal activities  
 238 occurring at the facility of the slot machine licensee;

239            (b) Restrict access to the slot machine licensee's  
 240 facility by the Department of Law Enforcement or any local law  
 241 enforcement authority whose jurisdiction includes the slot  
 242 machine licensee's facility; or

243            (c) Restrict access by the Department of Law Enforcement  
 244 or local law enforcement authorities to information and records  
 245 necessary to the investigation of criminal activity that are  
 246 contained within the slot machine licensee's facility.

247        551.104 License to conduct slot machine gaming.--

248            (1) Upon application and a finding by the division after  
 249 investigation that the application is complete and the applicant  
 250 is qualified and payment of the initial license fee, the  
 251 division may issue a license to conduct slot machine gaming in  
 252 the designated slot machine gaming area of the eligible

facility. Once licensed, slot machine gaming may be conducted  
subject to the requirements of this chapter and rules adopted  
pursuant thereto.

(2) An application may be approved by the division only  
after the voters of the county where the applicant's facility is  
located have authorized by referendum slot machines within pari-  
mutuel facilities in that county as specified in s. 23, Art. X  
of the State Constitution.

(3) A slot machine license may be issued only to a  
licensed pari-mutuel permitholder, and slot machine gaming may  
be conducted only at the same facility at which the permitholder  
is authorized under its valid pari-mutuel wagering permit to  
conduct pari-mutuel wagering activities.

(4) As a condition of licensure and to maintain continued  
authority for the conduct of slot machine gaming, the slot  
machine licensee shall:

(a) Continue to be in compliance with this chapter.

(b) Continue to be in compliance with chapter 550, where  
applicable, and maintain the pari-mutuel permit and license in  
good standing pursuant to the provisions of chapter 550.  
Notwithstanding any contrary provision of law and in order to  
expedite the operation of slot machines at eligible facilities,  
any eligible facility shall be entitled within 60 days after the  
effective date of this act to amend its 2006-2007 pari-mutuel  
wagering operating license issued by the division under ss.  
550.0115 and 550.01215. The division shall issue a new license  
to the eligible facility to effectuate any approved change.

(c) Conduct no fewer than a full schedule of live racing

281 or games as defined in s. 550.002(11). A permitholder's  
282 responsibility to conduct such number of live races or games  
283 shall be reduced by the number of races or games that could not  
284 be conducted due to the direct result of fire, war, hurricane,  
285 or other disaster or event beyond the control of the  
286 permitholder.

287 (d) Upon approval of any changes relating to the pari-  
288 mutuel permit by the division, be responsible for providing  
289 appropriate current and accurate documentation on a timely basis  
290 to the division in order to continue the slot machine license in  
291 good standing. Changes in ownership or interest of a slot  
292 machine license of 5 percent or more of the stock or other  
293 evidence of ownership or equity in the slot machine license or  
294 any parent corporation or other business entity that in any way  
295 owns or controls the slot machine license shall be approved by  
296 the division prior to such change, unless the owner is an  
297 existing holder of that license who was previously approved by  
298 the division. Changes in ownership or interest of a slot machine  
299 license of less than 5 percent, unless such change results in a  
300 cumulative total of 5 percent or more, shall be reported to the  
301 division within 20 days after the change. The division may then  
302 conduct an investigation to ensure that the license is properly  
303 updated to show the change in ownership or interest. No  
304 reporting is required if the person is holding 5 percent or less  
305 equity or securities of a corporate owner of the slot machine  
306 licensee that has its securities registered pursuant to s. 12 of  
307 the Securities Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and  
308 if such corporation or entity files with the United States



Securities and Exchange Commission the reports required by s. 13  
of that act or if the securities of the corporation or entity  
are regularly traded on an established securities market in the  
United States. A change in ownership or interest of less than 5  
percent which results in a cumulative ownership or interest of 5  
percent or more shall be approved by the division prior to such  
change unless the owner is an existing holder of the license who  
was previously approved by the division.

(e) Allow the division and the Department of Law  
Enforcement unrestricted access to and right of inspection of  
facilities of a slot machine licensee in which any activity  
relative to the conduct of slot machine gaming is conducted.

(f) Ensure that the facilities-based computer system that  
the licensee will use for operational and accounting functions  
of the slot machine facility is specifically structured to  
facilitate regulatory oversight. The facilities-based computer  
system shall be designed to provide the division and the  
Department of Law Enforcement with the ability to monitor, at  
any time on a real-time basis, the wagering patterns, payouts,  
tax collection, and such other operations as necessary to  
determine whether the facility is in compliance with statutory  
provisions and rules adopted by the division for the regulation  
and control of slot machine gaming. The division and the  
Department of Law Enforcement shall have complete and continuous  
access to this system. Such access shall include the ability of  
either the division or the Department of Law Enforcement to  
suspend play immediately on particular slot machines if  
monitoring of the system indicates possible tampering or

manipulation of those slot machines or the ability to suspend play immediately of the entire operation if the tampering or manipulation is of the computer system itself. The computer system shall be reviewed and approved by the division to ensure necessary access, security, and functionality. The division may adopt rules to provide for the approval process.

(g) Ensure that each slot machine is protected from manipulation or tampering to affect the random probabilities of winning plays. The division or the Department of Law Enforcement shall have the authority to suspend play upon reasonable suspicion of any manipulation or tampering. When play has been suspended on any slot machine, the division or the Department of Law Enforcement may examine any slot machine to determine whether the machine has been tampered with or manipulated and whether the machine should be returned to operation.

(h) Submit a security plan, including the facilities' floor plan, the locations of security cameras, and a listing of all security equipment that is capable of observing and electronically recording activities being conducted in the facilities of the slot machine licensee. The security plan must meet the minimum security requirements as determined by the division under s. 551.103(1)(h) and be implemented prior to operation of slot machine gaming. The slot machine licensee's facilities must adhere to the security plan at all times. Any changes to the security plan must be submitted by the licensee to the division prior to implementation. The division shall furnish copies of the security plan and changes in the plan to the Department of Law Enforcement.

365        (i) Create and file with the division a written policy  
 366 for:  
 367        1. Creating opportunities to purchase from vendors in this  
 368 state, including minority vendors.  
 369        2. Creating opportunities for employment of residents of  
 370 this state, including minority residents.  
 371        3. Ensuring that opportunities for employment are offered  
 372 on an equal, nondiscriminatory basis.  
 373        (j) Ensure that the payout percentage of the slot machines  
 374 is no less than 85 percent per facility per day.  
 375        (5) A slot machine license is not transferable.  
 376        (6) A slot machine licensee shall keep and maintain  
 377 permanent daily records of its slot machine operation and shall  
 378 maintain such records for a period of not less than 5 years.  
 379 These records must include all financial transactions and  
 380 contain sufficient detail to determine compliance with the  
 381 requirements of this chapter. All records shall be available for  
 382 audit and inspection by the division, the Department of Law  
 383 Enforcement, or other law enforcement agencies during the  
 384 licensee's regular business hours.  
 385        (7) A slot machine licensee shall file with the division a  
 386 monthly report containing the required records of such slot  
 387 machine operation. The required reports shall be submitted on  
 388 forms prescribed by the division and shall be due at the same  
 389 time as the monthly pari-mutuel reports are due to the division,  
 390 and the reports shall be deemed public records once filed.  
 391        (8) A slot machine licensee shall file with the division  
 392 an audit of the receipt and distribution of all slot machine

revenues provided by an independent certified public accountant  
verifying compliance with all financial and auditing provisions  
of this chapter and the associated rules adopted under this  
chapter. The audit must include verification of compliance with  
all statutes and rules regarding all required records of slot  
machine operations. Such audit shall be filed within 60 days  
after the completion of the permitholder's pari-mutuel meet.

(9) The division may share any information with the  
Department of Law Enforcement, any other law enforcement agency  
having jurisdiction over slot machine gaming or pari-mutuel  
activities, or any other state or federal law enforcement agency  
the division or the Department of Law Enforcement deems  
appropriate. Any law enforcement agency having jurisdiction over  
slot machine gaming or pari-mutuel activities may share any  
information obtained or developed by it with the division.

(10) (a) It is the responsibility of the appropriate state  
agency and of the judicial branch to identify to the division,  
in the form and format prescribed by the division, persons owing  
past due child support collected through a court, including  
spousal support or alimony for the spouse or former spouse of  
the obligor if the child support obligation is being enforced by  
the Department of Revenue. Any slot machine prize of \$600 or  
more to any person having such an outstanding obligation shall  
be forwarded by the slot machine licensee to the division for  
distribution to the agency claiming that past due child support  
is owed. If a balance of prize amount remains after payment of  
past due child support, the division shall distribute the  
balance to the prize winner after deduction of the debt.

(b) It is the responsibility of the division to identify to slot machine licensees those persons identified under paragraph (a) as having such outstanding obligations. Slot machine licensees must implement payout procedures to ensure the requirements of this subsection are met.

(c) The division may adopt rules pursuant to ss. 120.536(1) and 120.54 to implement the provisions of this subsection.

(11)(a) No slot machine license or renewal thereof shall be issued to an applicant holding a permit under chapter 550 to conduct pari-mutuel wagering meets of thoroughbred racing unless the applicant has on file with the division a binding written agreement between the applicant and the Florida Horsemen's Benevolent and Protective Association, Inc., governing the payment of purses on live thoroughbred races conducted at the licensee's pari-mutuel facility. In addition, no slot machine license or renewal thereof shall be issued to such an applicant unless the applicant has on file with the division a binding written agreement between the applicant and the Florida Thoroughbred Breeders' Association, Inc., governing the payment of breeders', stallion, and special racing awards on live thoroughbred races conducted at the licensee's pari-mutuel facility. The agreement governing purses and the agreement governing awards may direct the payment of such purses and awards from revenues generated by any wagering or gaming the applicant is authorized to conduct under Florida law. All purses and awards shall be subject to the terms of chapter 550. All sums for breeders', stallion, and special racing awards shall be

449 remitted monthly to the Florida Thoroughbred Breeders'  
450 Association, Inc., for the payment of awards subject to the  
451 administrative fee authorized in s. 550.2625(3).

452 (b) The division shall suspend a slot machine license if  
453 one or more of the agreements required under paragraph (a) are  
454 terminated or otherwise cease to operate or if the division  
455 determines that the licensee is materially failing to comply  
456 with the terms of such an agreement. Any such suspension shall  
457 take place in accordance with chapter 120.

458 (c)1. If an agreement required under paragraph (a) cannot  
459 be reached prior to the initial issuance of the slot machine  
460 license, either party may request arbitration or, in the case of  
461 a renewal, if an agreement required under paragraph (a) is not  
462 in place 120 days prior to the scheduled expiration date of the  
463 slot machine license, the applicant shall immediately ask the  
464 American Arbitration Association to furnish a list of 11  
465 arbitrators, each of whom shall have at least 5 years of  
466 commercial arbitration experience and no financial interest in  
467 or prior relationship with any of the parties or their  
468 affiliated or related entities or principals. Each required  
469 party to the agreement shall select a single arbitrator from the  
470 list provided by the American Arbitration Association within 10  
471 days of receipt, and the individuals so selected shall choose  
472 one additional arbitrator from the list within the next 10 days.

473 2. If an agreement required under paragraph (a) is not in  
474 place 60 days after the request under subparagraph 1. in the  
475 case of an initial slot machine license or, in the case of a  
476 renewal, 60 days prior to the scheduled expiration date of the

477 slot machine license, the matter shall be immediately submitted  
478 to mandatory binding arbitration to resolve the disagreement  
479 between the parties. The three arbitrators selected pursuant to  
480 subparagraph 1. shall constitute the panel that shall arbitrate  
481 the dispute between the parties pursuant to the American  
482 Arbitration Association Commercial Arbitration Rules and chapter  
483 682.

484 3. At the conclusion of the proceedings, which shall be no  
485 later than 90 days after the request under subparagraph 1. in  
486 the case of an initial slot machine license or, in the case of a  
487 renewal, 30 days prior to the scheduled expiration date of the  
488 slot machine license, the arbitration panel shall present to the  
489 parties a proposed agreement that the majority of the panel  
490 believes equitably balances the rights, interests, obligations,  
491 and reasonable expectations of the parties. The parties shall  
492 immediately enter into such agreement, which shall satisfy the  
493 requirements of paragraph (a) and permit issuance of the pending  
494 annual slot machine license or renewal. The agreement produced  
495 by the arbitration panel under this subparagraph shall be  
496 effective until the last day of the license or renewal period or  
497 until the parties enter into a different agreement. Each party  
498 shall pay its respective costs of arbitration and shall pay one-  
499 half of the costs of the arbitration panel, unless the parties  
500 otherwise agree. If the agreement produced by the arbitration  
501 panel under this subparagraph remains in place 120 days prior to  
502 the scheduled issuance of the next annual license renewal, then  
503 the arbitration process established in this paragraph will begin  
504 again.

4. In the event that neither of the agreements required under paragraph (a) are in place by the deadlines established in this paragraph, arbitration regarding each agreement will proceed independently, with separate lists of arbitrators, arbitration panels, arbitration proceedings, and resulting agreements.

5. With respect to the agreement required under paragraph (a) governing the payment of purses, the arbitration and resulting agreement called for under this paragraph shall be limited to the payment of purses from slot machine revenues only.

(d) If any provision of this subsection or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this subsection or chapter which can be given effect without the invalid provision or application, and to this end the provisions of this subsection are severable.

551.105 Slot machine license renewal.--

(1) Slot machine licenses shall be effective for 1 year after issuance and shall be renewed annually. The application for renewal must contain all revisions to the information submitted in the prior year's application that are necessary to maintain such information as both accurate and current.

(2) The applicant for renewal shall attest that any information changes do not affect the applicant's qualifications for license renewal.

(3) Upon determination by the division that the application for renewal is complete and qualifications have been



533 met, including payment of the renewal fee, the slot machine  
 534 license shall be renewed annually.

535 551.106 License fee; tax rate; penalties.--  
 536 (1) LICENSE FEE.--

537 (a) Upon submission of the initial application for a slot  
 538 machine license and annually thereafter upon submission of an  
 539 application for renewal of the slot machine license, the  
 540 licensee must pay to the division a nonrefundable license fee of  
 541 \$3 million. The license fee shall be deposited into the Pari-  
 542 mutuel Wagering Trust Fund of the Department of Business and  
 543 Professional Regulation to be used by the division and the  
 544 Department of Law Enforcement for investigations, regulation of  
 545 slot machine gaming, and enforcement of slot machine gaming  
 546 provisions under this chapter. These payments shall be accounted  
 547 for separately from taxes or fees paid pursuant to the  
 548 provisions of chapter 550.

549 (b) Prior to January 1, 2007, the division shall evaluate  
 550 the license fee and shall make recommendations to the President  
 551 of the Senate and the Speaker of the House of Representatives  
 552 regarding the optimum level of slot machine license fees in  
 553 order to adequately support the slot machine regulatory program.

554 (2) TAX ON SLOT MACHINE REVENUES.--  
 555 (a) The tax rate on slot machine revenues at each facility  
 556 shall be 55 percent.

557 (b) The slot machine revenue tax imposed by this section  
 558 shall be paid to the division for deposit into the Pari-mutuel  
 559 Wagering Trust Fund for immediate transfer by the Chief  
 560 Financial Officer for deposit into the Educational Enhancement

561 Trust Fund of the Department of Education. Any interest earnings  
562 on the tax revenues shall also be transferred to the Educational  
563 Enhancement Trust Fund.

564 (c) Funds transferred to the Educational Enhancement Trust  
565 Fund under paragraph (b) shall be used to supplement public  
566 education funding statewide and shall not be used for recurring  
567 appropriations.

568 (3) PAYMENT PROCEDURES.--Such payment shall be remitted to  
569 the division by the 5th day of each calendar month for taxes  
570 imposed on the preceding month's slot machine revenues. The slot  
571 machine licensee shall file a report under oath by the 5th day  
572 of each calendar month for all taxes remitted that month, which  
573 report must show all slot machine activities for the preceding  
574 calendar month and such other revenue information as may be  
575 required by the division.

576 (4) FAILURE TO PAY TAX; PENALTIES.--A slot machine  
577 licensee who fails to make tax payments as required under this  
578 section is subject to an administrative penalty of up to \$10,000  
579 for each day the tax payment is not remitted. All administrative  
580 penalties imposed and collected shall be deposited into the  
581 Pari-mutuel Wagering Trust Fund of the Department of Business  
582 and Professional Regulation. If any slot machine licensee fails  
583 to pay penalties imposed by order of the division under this  
584 subsection, the division may suspend, revoke, or refuse to renew  
585 the license of the slot machine licensee.

586 (5) SUBMISSION OF FUNDS.--The division may require slot  
587 machine licensees to remit taxes, fees, fines, and assessments  
588 by electronic funds transfer.

551.107 Slot machine occupational license; findings;  
application; fee.--

(1) The Legislature finds that individuals and entities  
that are licensed under this section require heightened state  
scrutiny, including the submission by the individual licensees  
or persons associated with the entities described in this  
chapter of fingerprints for a criminal history record check.

(2)(a) The following slot machine occupational licenses  
shall be issued to persons or entities that, by virtue of the  
position they hold, might be granted access to slot machine  
gaming areas or to any other person or entity in one of the  
following categories:

1. General occupational licenses for general employees,  
including food service, maintenance, and other similar service  
and support employees having access to the slot machine gaming  
area.

2. Professional occupational licenses for any person,  
proprietorship, partnership, corporation, or other entity that  
is authorized by a slot machine licensee to manage, oversee, or  
otherwise control daily operations as a slot machine manager, a  
floor supervisor, security personnel, or any other similar  
position of oversight of gaming operations.

3. Business occupational licenses for any slot machine  
management company or company associated with slot machine  
gaming, any person who manufactures, distributes, or sells slot  
machines, slot machine paraphernalia, or other associated  
equipment to slot machine licensees, any company that sells or  
provides goods or services associated with slot machine gaming

HB 1B

2005

617 to slot machine licensees, or any person not an employee of the  
 618 slot machine licensee who provides maintenance, repair, or  
 619 upgrades or otherwise services a slot machine or other slot  
 620 machine equipment.

621 (b) Slot machine occupational licenses are not  
 622 transferable.

623 (3) A slot machine licensee may not employ or otherwise  
 624 allow a person to work at a licensed facility unless such person  
 625 holds the appropriate valid occupational license. A slot machine  
 626 licensee may not contract or otherwise do business with a  
 627 business required to hold a slot machine occupational license  
 628 unless the business holds such a license. A slot machine  
 629 licensee may not employ or otherwise allow a person to work in a  
 630 supervisory or management professional level at a licensed  
 631 facility unless such person holds a valid slot machine  
 632 occupational license. All slot machine occupational licensees,  
 633 while present in slot machine gaming areas, shall display on  
 634 their persons their occupational license identification cards.

635 (4) (a) A person seeking a slot machine occupational  
 636 license or renewal thereof shall make application on forms  
 637 prescribed by the division and include payment of the  
 638 appropriate application fee. Initial and renewal applications  
 639 for slot machine occupational licenses must contain all  
 640 information that the division, by rule, determines is required  
 641 to ensure eligibility.

642 (b) The division shall establish, by rule, a schedule for  
 643 the annual renewal of slot machine occupational licenses.

644 (c) Pursuant to rules adopted by the division, any person

645 may apply for and, if qualified, be issued a slot machine  
646 occupational license valid for a period of 3 years upon payment  
647 of the full occupational license fee for each of the 3 years for  
648 which the license is issued. The slot machine occupational  
649 license is valid during its specified term at any licensed  
650 facility where slot machine gaming is authorized to be  
651 conducted.

652 (d) The slot machine occupational license fee for initial  
653 application and annual renewal shall be determined by rule of  
654 the division but may not exceed \$50 for a general or  
655 professional occupational license for an employee of the slot  
656 machine licensee or \$1,000 for a business occupational license  
657 for nonemployees of the licensee providing goods or services to  
658 the slot machine licensee. License fees for general occupational  
659 licensees shall be paid by the slot machine licensee. Failure to  
660 pay the required fee constitutes grounds for disciplinary action  
661 by the division against the slot machine licensee, but it is not  
662 a violation of this chapter or rules of the division by the  
663 general occupational licensee and does not prohibit the initial  
664 issuance or the renewal of the general occupational license.

665 (5) The division may:

666 (a) Deny an application for, or revoke, suspend, or place  
667 conditions or restrictions on, a license of a person or entity  
668 that has been refused a license by any other state gaming  
669 commission, governmental department, agency, or other authority  
670 exercising regulatory jurisdiction over the gaming of another  
671 state or jurisdiction; or

672 (b) Deny an application for, or suspend or place

conditions on, a license of any person or entity that is under suspension or has unpaid fines in another state or jurisdiction.

(6) (a) The division may deny, suspend, revoke, or refuse to renew any slot machine occupational license if the applicant for such license or the licensee has violated the provisions of this chapter or the rules of the division governing the conduct of persons connected with slot machine gaming. In addition, the division may deny, suspend, revoke, or refuse to renew any slot machine occupational license if the applicant for such license or the licensee has been convicted in this state, in any other state, or under the laws of the United States of a capital felony, a felony, or an offense in any other state that would be a felony under the laws of this state involving arson; trafficking in, conspiracy to traffic in, smuggling, importing, conspiracy to smuggle or import, or delivery, sale, or distribution of a controlled substance; racketeering; or a crime involving a lack of good moral character, or has had a gaming license revoked by this state or any other jurisdiction for any gaming-related offense.

(b) The division may deny, revoke, or refuse to renew any slot machine occupational license if the applicant for such license or the licensee has been convicted of a felony or misdemeanor in this state, in any other state, or under the laws of the United States if such felony or misdemeanor is related to gambling or bookmaking as described in s. 849.25.

(c) For purposes of this subsection, the term "convicted" means having been found guilty, with or without adjudication of guilt, as a result of a jury verdict, nonjury trial, or entry of

701 a plea of guilty or nolo contendere.

702 (7) Fingerprints for all slot machine occupational license  
703 applications shall be taken in a manner approved by the division  
704 and shall be submitted electronically to the Department of Law  
705 Enforcement for state processing and the Federal Bureau of  
706 Investigation for national processing for a criminal history  
707 record check. All persons as specified in s. 550.1815(1)(a)  
708 employed by or working within a licensed premises shall submit  
709 fingerprints for a criminal history record check and may not  
710 have been convicted of any disqualifying criminal offenses  
711 specified in subsection (6). Division employees and law  
712 enforcement officers assigned by their employing agencies to  
713 work within the premises as part of their official duties are  
714 excluded from the criminal history record check requirements  
715 under this subsection. For purposes of this subsection, the term  
716 "convicted" means having been found guilty, with or without  
717 adjudication of guilt, as a result of a jury verdict, nonjury  
718 trial, or entry of a plea of guilty or nolo contendere.

719 (a) Fingerprints shall be taken in a manner approved by  
720 the division upon initial application, or as required thereafter  
721 by rule of the division, and shall be submitted electronically  
722 to the Department of Law Enforcement for state processing. The  
723 Department of Law Enforcement shall forward the fingerprints to  
724 the Federal Bureau of Investigation for national processing. The  
725 results of the criminal history record check shall be returned  
726 to the division for purposes of screening. Licensees shall  
727 provide necessary equipment approved by the Department of Law  
728 Enforcement to facilitate such electronic submission. The

729 division requirements under this subsection shall be instituted  
730 in consultation with the Department of Law Enforcement.

731 (b) The cost of processing fingerprints and conducting a  
732 criminal history record check for a general occupational license  
733 shall be borne by the slot machine licensee. The cost of  
734 processing fingerprints and conducting a criminal history record  
735 check for a business or professional occupational license shall  
736 be borne by the person being checked. The Department of Law  
737 Enforcement may invoice the division for the fingerprints  
738 submitted each month.

739 (c) All fingerprints submitted to the Department of Law  
740 Enforcement and required by this section shall be retained by  
741 the Department of Law Enforcement and entered into the statewide  
742 automated fingerprint identification system as authorized by s.  
743 943.05(2)(b) and shall be available for all purposes and uses  
744 authorized for arrest fingerprint cards entered into the  
745 statewide automated fingerprint identification system pursuant  
746 to s. 943.051.

747 (d) The Department of Law Enforcement shall search all  
748 arrest fingerprints received pursuant to s. 943.051 against the  
749 fingerprints retained in the statewide automated fingerprint  
750 identification system under paragraph (c). Any arrest record  
751 that is identified with the retained fingerprints of a person  
752 subject to the criminal history screening requirements of this  
753 section shall be reported to the division. Each licensed  
754 facility shall pay a fee to the division for the cost of  
755 retention of the fingerprints and the ongoing searches under  
756 this paragraph. The division shall forward the payment to the



757 Department of Law Enforcement. The amount of the fee to be  
 758 imposed for performing these searches and the procedures for the  
 759 retention of licensee fingerprints shall be as established by  
 760 rule of the Department of Law Enforcement. The division shall  
 761 inform the Department of Law Enforcement of any change in the  
 762 license status of licensees whose fingerprints are retained  
 763 under paragraph (c).

764 (e) The division shall request the Department of Law  
 765 Enforcement to forward the fingerprints to the Federal Bureau of  
 766 Investigation for a national criminal history records check  
 767 every 3 years following issuance of a license. If the  
 768 fingerprints of a person who is licensed have not been retained  
 769 by the Department of Law Enforcement, the person must file a  
 770 complete set of fingerprints as provided for in paragraph (a).  
 771 The division shall collect the fees for the cost of the national  
 772 criminal history record check under this paragraph and shall  
 773 forward the payment to the Department of Law Enforcement. The  
 774 cost of processing fingerprints and conducting a criminal  
 775 history record check under this paragraph for a general  
 776 occupational license shall be borne by the slot machine  
 777 licensee. The cost of processing fingerprints and conducting a  
 778 criminal history record check under this paragraph for a  
 779 business or professional occupational license shall be borne by  
 780 the person being checked. The Department of Law Enforcement may  
 781 invoice the division for the fingerprints submitted each month.  
 782 Under penalty of perjury, each person who is licensed or who is  
 783 fingerprinted as required by this section must agree to inform  
 784 the division within 48 hours if he or she is convicted of or has

785 entered a plea of guilty or nolo contendere to any disqualifying  
786 offense, regardless of adjudication.

787 (8) All moneys collected pursuant to this section shall be  
788 deposited into the Pari-mutuel Wagering Trust Fund.

789 551.108 Prohibited relationships.--

790 (1) A person employed by or performing any function on  
791 behalf of the division may not:

792 (a) Be an officer, director, owner, or employee of any  
793 person or entity licensed by the division.

794 (b) Have or hold any interest, direct or indirect, in or  
795 engage in any commerce or business relationship with any person  
796 licensed by the division.

797 (2) A manufacturer or distributor of slot machines may not  
798 enter into any contract with a slot machine licensee that  
799 provides for any revenue sharing of any kind or nature that is  
800 directly or indirectly calculated on the basis of a percentage  
801 of slot machine revenues. Any maneuver, shift, or device whereby  
802 this subsection is violated is a violation of this chapter and  
803 renders any such agreement void.

804 (3) A manufacturer or distributor of slot machines or any  
805 equipment necessary for the operation of slot machines or an  
806 officer, director, or employee of any such manufacturer or  
807 distributor may not have any ownership or financial interest in  
808 a slot machine license or in any business owned by the slot  
809 machine licensee.

810 (4) A licensee or any entity conducting business on or  
811 within a licensed slot machine operation may not employ any  
812 employee of a law enforcement agency or regulatory agency that

has jurisdiction over the licensed premises in an off-duty or secondary employment capacity for work within any designated slot machine gaming area or in any restricted area that supports slot machine operations that requires a slot machine occupational license to enter. If approved by the employee's primary employing agency, off-duty or secondary employment that is not prohibited by this section may be permitted.

(5) An employee of the division or relative living in the same household as such employee of the division may not wager at any time on a slot machine located at a facility licensed by the division.

(6) An occupational licensee or relative living in the same household as such occupational licensee may not wager at any time on a slot machine located at a facility where that person is employed.

551.109 Prohibited acts; penalties.--

(1) Except as otherwise provided by law and in addition to any other penalty, any person who knowingly makes or causes to be made, or aids, assists, or procures another to make, a false statement in any report, disclosure, application, or any other document required under this chapter or any rule adopted under this chapter is subject to an administrative fine or civil penalty of up to \$10,000.

(2) Except as otherwise provided by law and in addition to any other penalty, any person who possesses a slot machine without the license required by this chapter or who possesses a slot machine at any location other than at the slot machine licensee's facility is subject to an administrative fine or

841 civil penalty of up to \$10,000 per machine.

842 (3) Any person who knowingly excludes, or takes any action  
 843 in an attempt to exclude, anything of value from the deposit,  
 844 counting, collection, or computation of revenues from slot  
 845 machine activity, or any person who by trick, sleight-of-hand  
 846 performance, a fraud or fraudulent scheme, or device wins or  
 847 attempts to win, for himself or herself or for another, money or  
 848 property or a combination thereof or reduces or attempts to  
 849 reduce a losing wager in connection with slot machine gaming  
 850 commits a felony of the third degree, punishable as provided in  
 851 s. 775.082, s. 775.083, or s. 775.084.

852 (4) Any person who manipulates or attempts to manipulate  
 853 the outcome, payoff, or operation of a slot machine by physical  
 854 tampering or by use of any object, instrument, or device,  
 855 whether mechanical, electrical, magnetic, or involving other  
 856 means, commits a felony of the third degree, punishable as  
 857 provided in s. 775.082, s. 775.083, or s. 775.084.

858 (5) Theft of any slot machine proceeds or of property  
 859 belonging to the slot machine operator or licensed facility by  
 860 an employee of the operator or facility or by an employee of a  
 861 person, firm, or entity that has contracted to provide services  
 862 to the operator or facility constitutes a felony of the third  
 863 degree, punishable as provided in s. 775.082 or s. 775.083.

864 (6) (a) Any law enforcement officer or slot machine  
 865 operator who has probable cause to believe that a violation of  
 866 subsection (3), subsection (4), or subsection (5) has been  
 867 committed by a person and that the officer or operator can  
 868 recover the lost proceeds from such activity by taking the

869 person into custody may, for the purpose of attempting to effect  
870 such recovery or for prosecution, take the person into custody  
871 on the premises and detain the person in a reasonable manner and  
872 for a reasonable period of time. If the operator takes the  
873 person into custody, a law enforcement officer shall be called  
874 to the scene immediately. The taking into custody and detention  
875 by a law enforcement officer or slot machine operator, if done  
876 in compliance with this subsection, does not render such law  
877 enforcement officer or slot machine operator criminally or  
878 civilly liable for false arrest, false imprisonment, or unlawful  
879 detention.

880 (b) Any law enforcement officer may arrest, either on or  
881 off the premises and without warrant, any person if there is  
882 probable cause to believe that person has violated subsection  
883 (3), subsection (4), or subsection (5).

884 (c) Any person who resists the reasonable effort of a law  
885 enforcement officer or slot machine operator to recover the lost  
886 slot machine proceeds that the law enforcement officer or slot  
887 machine operator had probable cause to believe had been stolen  
888 from the licensed facility and who is subsequently found to be  
889 guilty of violating subsection (3), subsection (4), or  
890 subsection (5) commits a misdemeanor of the first degree,  
891 punishable as provided in s. 775.082 or s. 775.083, unless such  
892 person did not know or did not have reason to know that the  
893 person seeking to recover the lost proceeds was a law  
894 enforcement officer or slot machine operator.

895 (7) All penalties imposed and collected under this section  
896 must be deposited into the Pari-mutuel Wagering Trust Fund of

897 the Department of Business and Professional Regulation.

898 551.111 Legal devices.--Notwithstanding any provision of  
 899 law to the contrary, a slot machine manufactured, sold,  
 900 distributed, possessed, or operated according to the provisions  
 901 of this chapter is not unlawful.

902 551.112 Exclusions of certain persons.--In addition to the  
 903 power to exclude certain persons from any facility of a slot  
 904 machine licensee in this state, the division may exclude any  
 905 person from any facility of a slot machine licensee in this  
 906 state for conduct that would constitute, if the person were a  
 907 licensee, a violation of this chapter or the rules of the  
 908 division. The division may exclude from any facility of a slot  
 909 machine licensee any person who has been ejected from a facility  
 910 of a slot machine licensee in this state or who has been  
 911 excluded from any facility of a slot machine licensee or gaming  
 912 facility in another state by the governmental department,  
 913 agency, commission, or authority exercising regulatory  
 914 jurisdiction over the gaming in such other state. This section  
 915 does not abrogate the common law right of a slot machine  
 916 licensee to exclude a patron absolutely in this state.

917 551.113 Persons prohibited from playing slot machines.--

918 (1) A slot machine licensee or agent or employee of a slot  
 919 machine licensee may not allow a person who has not attained 21  
 920 years of age:

921 (a) To play any slot machine.

922 (b) To be employed in any position allowing or requiring  
 923 access to the designated slot machine gaming area of a facility  
 924 of a slot machine licensee.

(2) A person licensed under this chapter, or any agent or employee of a licensee under this chapter, may not knowingly allow a person who has not attained 21 years of age to play or operate a slot machine or have access to the designated slot machine area of a facility of a slot machine licensee.

(3) The licensed facility shall post clear and conspicuous signage within the designated slot machine gaming areas that states the following:

THE PLAYING OF SLOT MACHINES BY PERSONS UNDER THE AGE OF 21 IS AGAINST FLORIDA LAW (SECTION 551.113, FLORIDA STATUTES). PROOF OF AGE MAY BE REQUIRED AT ANY TIME.

551.114 Slot machine gaming areas.--

(1) A slot machine licensee may make available for play up to 1,000 slot machines within the property of the facilities of the slot machine licensee.

(2) The slot machine licensee shall display pari-mutuel races or games within the designated slot machine gaming areas and offer patrons within the designated slot machine gaming areas the ability to engage in pari-mutuel wagering on live, intertrack, and simulcast races conducted or offered to patrons of the licensed facility.

(3) The division shall require the posting of signs warning of the risks and dangers of gambling, showing the odds of winning, and informing patrons of the toll-free telephone number available to provide information and referral services regarding compulsive or problem gambling.

(4) Designated slot machine gaming areas may be located within the current live gaming facility or in an existing building that must be contiguous and connected to the live gaming facility. If a designated slot machine gaming area is to be located in a building that is to be constructed, that new building must be contiguous and connected to the live gaming facility.

(5) The permitholder shall provide adequate office space at no cost to the division and the Department of Law Enforcement for the oversight of slot machine operations. The division shall adopt rules establishing the criteria for adequate space, configuration, and location and needed electronic and technological requirements for office space required by this subsection.

551.116 Days and hours of operation.--Slot machine gaming areas may be open daily throughout the year. The slot machine gaming areas may be open for a maximum of 16 hours per day.

551.117 Penalties.--The division may revoke or suspend any slot machine license issued under this chapter upon the willful violation by the slot machine licensee of any provision of this chapter or of any rule adopted under this chapter. In lieu of suspending or revoking a slot machine license, the division may impose a civil penalty against the slot machine licensee for a violation of this chapter or any rule adopted by the division. Except as otherwise provided in this chapter, the penalty so imposed may not exceed \$100,000 for each count or separate offense. All penalties imposed and collected must be deposited into the Pari-mutuel Wagering Trust Fund of the Department of



981 Business and Professional Regulation.

982 551.118 Compulsive or addictive gambling prevention  
983 program.--

984 (1) The slot machine licensee shall offer training to  
985 employees on responsible gaming and shall work with a compulsive  
986 or addictive gambling prevention program to recognize problem  
987 gaming situations and to implement responsible gaming programs  
988 and practices.

989 (2) The division shall, subject to competitive bidding,  
990 contract for provision of services related to the prevention of  
991 compulsive and addictive gambling. The contract shall provide  
992 for an advertising program to encourage responsible gaming  
993 practices and to publicize a gambling telephone help line. Such  
994 advertisements must be made both publicly and inside the  
995 designated slot machine gaming areas of the licensee's  
996 facilities. The terms of any contract for the provision of such  
997 services shall include accountability standards that must be met  
998 by any private provider. The failure of any private provider to  
999 meet any material terms of the contract, including the  
1000 accountability standards, shall constitute a breach of contract  
1001 or grounds for nonrenewal. The division may consult with the  
1002 Department of the Lottery in the development of the program and  
1003 the development and analysis of any procurement for contractual  
1004 services for the compulsive or addictive gambling prevention  
1005 program.

1006 (3) The compulsive or addictive gambling prevention  
1007 program shall be funded from an annual nonrefundable regulatory  
1008 fee of \$250,000 paid by the licensee to the division.

HB 1B

2005

1009        551.119 Caterer's license.--A slot machine licensee is  
 1010 entitled to a caterer's license pursuant to s. 565.02 on days on  
 1011 which the pari-mutuel facility is open to the public for slot  
 1012 machine game play as authorized by this chapter.

1013        551.121 Prohibited activities and devices.--

1014        (1) Complimentary or reduced-cost alcoholic beverages may  
 1015 not be served to persons playing a slot machine. Alcoholic  
 1016 beverages served to persons playing a slot machine shall cost at  
 1017 least the same amount as alcoholic beverages served to the  
 1018 general public at a bar within the facility.

1019        (2) A slot machine licensee may not make any loan, provide  
 1020 credit, or advance cash in order to enable a person to play a  
 1021 slot machine. This subsection shall not prohibit automated  
 1022 ticket redemption machines that dispense cash resulting from the  
 1023 redemption of tickets from being located in the designated slot  
 1024 machine gaming area of the slot machine licensee.

1025        (3) A slot machine licensee may not allow any automated  
 1026 teller machine or similar device designed to provide credit or  
 1027 dispense cash to be located within the facilities of the slot  
 1028 machine licensee.

1029        (4) A slot machine licensee may not accept or cash any  
 1030 personal, third-party, corporate, business, or government-issued  
 1031 check from any person.

1032        (5) A slot machine, or the computer operating system  
 1033 linking the slot machine, may not be linked by any means to any  
 1034 other slot machine or computer operating system of another slot  
 1035 machine licensee. A progressive system may not be used in  
 1036 conjunction with slot machines within or between licensed

HB 1B

2005

1037 facilities.

1038 (6) A slot machine located within a licensed facility  
 1039 shall accept only tickets or paper currency or an electronic  
 1040 payment system for wagering and return or deliver payouts to the  
 1041 player in the form of tickets that may be exchanged for cash,  
 1042 merchandise, or other items of value. The use of coins, credit  
 1043 or debit cards, tokens, or similar objects is specifically  
 1044 prohibited. However, an electronic credit system may be used for  
 1045 receiving wagers and making payouts.

1046 551.122 Rulemaking.--The division may adopt rules pursuant  
 1047 to ss. 120.536(1) and 120.54 to administer the provisions of  
 1048 this chapter. The division may also adopt emergency rules  
 1049 pursuant to s. 120.54.

1050 Section 2. Section 849.15, Florida Statutes, is amended to  
 1051 read:

1052 849.15 Manufacture, sale, possession, etc., of coin-  
 1053 operated devices prohibited.--

1054 (1) It is unlawful:

1055 (a)~~(1)~~ To manufacture, own, store, keep, possess, sell,  
 1056 rent, lease, let on shares, lend or give away, transport, or  
 1057 expose for sale or lease, or to offer to sell, rent, lease, let  
 1058 on shares, lend or give away, or permit the operation of, or for  
 1059 any person to permit to be placed, maintained, or used or kept  
 1060 in any room, space, or building owned, leased or occupied by the  
 1061 person or under the person's management or control, any slot  
 1062 machine or device or any part thereof; or

1063 (b)~~(2)~~ To make or to permit to be made with any person any  
 1064 agreement with reference to any slot machine or device, pursuant

HB 1B

2005

1065 to which the user thereof, as a result of any element of chance  
1066 or other outcome unpredictable to him or her, may become  
1067 entitled to receive any money, credit, allowance, or thing of  
1068 value or additional chance or right to use such machine or  
1069 device, or to receive any check, slug, token or memorandum  
1070 entitling the holder to receive any money, credit, allowance or  
1071 thing of value.

1072       (2) Pursuant to section 2 of that chapter of the Congress  
1073 of the United States entitled "An act to prohibit transportation  
1074 of gaming devices in interstate and foreign commerce," approved  
1075 January 2, 1951, being c. 1194, 64 Stat. 1134, and also  
1076 designated as 15 U.S.C. ss. 1171-1177, the State of Florida,  
1077 acting by and through the duly elected and qualified members of  
1078 its Legislature, does hereby in this section, and in accordance  
1079 with and in compliance with the provisions of section 2 of such  
1080 chapter of Congress, declare and proclaim that any county of the  
1081 State of Florida within which slot machine gaming is authorized  
1082 pursuant to chapter 551 is exempt from the provisions of section  
1083 2 of that chapter of the Congress of the United States entitled  
1084 "An act to prohibit transportation of gaming devices in  
1085 interstate and foreign commerce," designated as 15 U.S.C. ss.  
1086 1171-1177, approved January 2, 1951. All shipments of gaming  
1087 devices, including slot machines, into any county of this state  
1088 within which slot machine gaming is authorized pursuant to  
1089 chapter 551 and the registering, recording, and labeling of  
1090 which have been duly performed by the manufacturer or  
1091 distributor thereof in accordance with sections 3 and 4 of that  
1092 chapter of the Congress of the United States entitled "An act to

HB 1B

2005

1093 prohibit transportation of gaming devices in interstate and  
 1094 foreign commerce," approved January 2, 1951, being c. 1194, 64  
 1095 Stat. 1134, and also designated as 15 U.S.C. ss. 1171-1177,  
 1096 shall be deemed legal shipments thereof into any such county  
 1097 provided the destination of such shipments is an eligible  
 1098 facility as defined s. 551.102.

1099       Section 3. Subsections (1) and (2) of section 895.02,  
 1100 Florida Statutes, are amended to read:

1101       895.02 Definitions.--As used in ss. 895.01-895.08, the  
 1102 term:

1103       (1) "Racketeering activity" means to commit, to attempt to  
 1104 commit, to conspire to commit, or to solicit, coerce, or  
 1105 intimidate another person to commit:

1106       (a) Any crime which is chargeable by indictment or  
 1107 information under the following provisions of the Florida  
 1108 Statutes:

1109       1. Section 210.18, relating to evasion of payment of  
 1110 cigarette taxes.

1111       2. Section 403.727(3)(b), relating to environmental  
 1112 control.

1113       3. Section 409.920 or s. 409.9201, relating to Medicaid  
 1114 fraud.

1115       4. Section 414.39, relating to public assistance fraud.

1116       5. Section 440.105 or s. 440.106, relating to workers'  
 1117 compensation.

1118       6. Section 443.071(4), relating to creation of a  
 1119 fictitious employer scheme to commit unemployment compensation  
 1120 fraud.

HB 1B

2005

1121           7.   Section 465.0161, relating to distribution of medicinal  
1122 drugs without a permit as an Internet pharmacy.

1123           8.   Sections 499.0051, 499.0052, 499.00535, 499.00545, and  
1124 499.0691, relating to crimes involving contraband and  
1125 adulterated drugs.

1126           9.   Part IV of chapter 501, relating to telemarketing.

1127           10.   Chapter 517, relating to sale of securities and  
1128 investor protection.

1129           11.   Section 550.235, s. 550.3551, or s. 550.3605, relating  
1130 to dogracing and horseracing.

1131           12.   Chapter 550, relating to jai alai frontons.

1132           13.   Section 551.109, relating to slot machine gaming.

1133           ~~14.13-~~ Chapter 552, relating to the manufacture,  
1134 distribution, and use of explosives.

1135           ~~15.14-~~ Chapter 560, relating to money transmitters, if the  
1136 violation is punishable as a felony.

1137           ~~16.15-~~ Chapter 562, relating to beverage law enforcement.

1138           ~~17.16-~~ Section 624.401, relating to transacting insurance  
1139 without a certificate of authority, s. 624.437(4)(c)1., relating  
1140 to operating an unauthorized multiple-employer welfare  
1141 arrangement, or s. 626.902(1)(b), relating to representing or  
1142 aiding an unauthorized insurer.

1143           ~~18.17-~~ Section 655.50, relating to reports of currency  
1144 transactions, when such violation is punishable as a felony.

1145           ~~19.18-~~ Chapter 687, relating to interest and usurious  
1146 practices.

1147           ~~20.19-~~ Section 721.08, s. 721.09, or s. 721.13, relating  
1148 to real estate timeshare plans.

HB 1B

2005

1149        ~~21.20-~~ Chapter 782, relating to homicide.  
 1150        ~~22.21-~~ Chapter 784, relating to assault and battery.  
 1151        ~~23.22-~~ Chapter 787, relating to kidnapping.  
 1152        ~~24.23-~~ Chapter 790, relating to weapons and firearms.  
 1153        ~~25.24-~~ Section 796.03, s. 796.035, s. 796.04, s. 796.045,  
 1154 s. 796.05, or s. 796.07, relating to prostitution and sex  
 1155 trafficking.  
 1156        ~~26.25-~~ Chapter 806, relating to arson.  
 1157        ~~27.26-~~ Section 810.02(2)(c), relating to specified  
 1158 burglary of a dwelling or structure.  
 1159        ~~28.27-~~ Chapter 812, relating to theft, robbery, and  
 1160 related crimes.  
 1161        ~~29.28-~~ Chapter 815, relating to computer-related crimes.  
 1162        ~~30.29-~~ Chapter 817, relating to fraudulent practices,  
 1163 false pretenses, fraud generally, and credit card crimes.  
 1164        ~~31.30-~~ Chapter 825, relating to abuse, neglect, or  
 1165 exploitation of an elderly person or disabled adult.  
 1166        ~~32.31-~~ Section 827.071, relating to commercial sexual  
 1167 exploitation of children.  
 1168        ~~33.32-~~ Chapter 831, relating to forgery and  
 1169 counterfeiting.  
 1170        ~~34.33-~~ Chapter 832, relating to issuance of worthless  
 1171 checks and drafts.  
 1172        ~~35.34-~~ Section 836.05, relating to extortion.  
 1173        ~~36.35-~~ Chapter 837, relating to perjury.  
 1174        ~~37.36-~~ Chapter 838, relating to bribery and misuse of  
 1175 public office.  
 1176        ~~38.37-~~ Chapter 843, relating to obstruction of justice.

HB 1B

2005

1177        ~~39.38-~~ Section 847.011, s. 847.012, s. 847.013, s. 847.06,  
1178 or s. 847.07, relating to obscene literature and profanity.

1179        ~~40.39-~~ Section 849.09, s. 849.14, s. 849.15, s. 849.23, or  
1180 s. 849.25, relating to gambling.

1181        ~~41.40-~~ Chapter 874, relating to criminal street gangs.

1182        ~~42.41-~~ Chapter 893, relating to drug abuse prevention and  
1183 control.

1184        ~~43.42-~~ Chapter 896, relating to offenses related to  
1185 financial transactions.

1186        ~~44.43-~~ Sections 914.22 and 914.23, relating to tampering  
1187 with a witness, victim, or informant, and retaliation against a  
1188 witness, victim, or informant.

1189        ~~45.44-~~ Sections 918.12 and 918.13, relating to tampering  
1190 with jurors and evidence.

1191        (b) Any conduct defined as "racketeering activity" under  
1192 18 U.S.C. s. 1961(1).

1193        (2) "Unlawful debt" means any money or other thing of  
1194 value constituting principal or interest of a debt that is  
1195 legally unenforceable in this state in whole or in part because  
1196 the debt was incurred or contracted:

1197        (a) In violation of any one of the following provisions of  
1198 law:

1199        1. Section 550.235, s. 550.3551, or s. 550.3605, relating  
1200 to dogracing and horseracing.

1201        2. Chapter 550, relating to jai alai frontons.

1202        3. Section 551.109, relating to slot machine gaming.

1203        ~~4.3-~~ Chapter 687, relating to interest and usury.

1204        ~~5.4-~~ Section 849.09, s. 849.14, s. 849.15, s. 849.23, or



HB 1B

2005

1205 s. 849.25, relating to gambling.

1206 (b) In gambling activity in violation of federal law or in  
1207 the business of lending money at a rate usurious under state or  
1208 federal law.

1209 Section 4. The Legislature finds and declares that it has  
1210 exclusive authority over the conduct of all wagering occurring  
1211 at a slot machine facility in this state. As provided by law,  
1212 only the Division of Pari-mutuel Wagering and other authorized  
1213 state agencies shall administer chapter 551, Florida Statutes,  
1214 and regulate the slot machine gaming industry, including  
1215 operation of slot machine facilities, games, slot machines, and  
1216 facilities-based computer systems authorized in chapter 551,  
1217 Florida Statutes, and the rules adopted by the division.

1218 Section 5. (1) For fiscal year 2005-2006, 46 full-time  
1219 equivalent positions, with associated salary rate of 1,810,342,  
1220 are authorized and the sums of \$682,582 in recurring funds and  
1221 \$1,164,135 in nonrecurring funds from the Pari-mutuel Wagering  
1222 Trust Fund and \$139,474 in recurring funds and \$809,863 in  
1223 nonrecurring funds from the Administrative Trust Fund of the  
1224 Department of Business and Professional Regulation are hereby  
1225 appropriated for the purpose of carrying out all regulatory  
1226 activities provided in this act. The Executive Office of the  
1227 Governor shall place these funds and positions and the salary  
1228 rate in reserve until such time as the Department of Business  
1229 and Professional Regulation submits an expenditure plan for  
1230 approval to the Executive Office of the Governor and the chair  
1231 and vice chair of the Legislative Budget Commission in  
1232 accordance with the provisions of s. 216.177, Florida Statutes.

HB 1B

2005

(2) For fiscal year 2005-2006, the sums of \$976,096 in recurring funds and \$1,184,564 in nonrecurring funds are hereby appropriated from the Pari-mutuel Wagering Trust Fund of the Department of Business and Professional Regulation for transfer to the Department of Law Enforcement for the purpose of investigations, intelligence gathering, background investigations, and any other responsibilities as provided for in this act. Thirty-nine full-time equivalent positions, with an associated salary rate of 1,619,738, are authorized and the sums of \$976,096 in recurring funds and \$1,184,564 in nonrecurring funds are hereby appropriated from the Operating Trust Fund within the Department of Law Enforcement for the purpose of investigations, intelligence gathering, background investigations, and any other responsibilities as provided for in this act. The Executive Office of the Governor shall place these funds and positions and the salary rate in reserve until such time as the Department of Law Enforcement submits an expenditure plan for approval to the Executive Office of the Governor and the chair and vice chair of the Legislative Budget Commission in accordance with the provisions of s. 216.177, Florida Statutes.

(3) The sum of \$1,000,000 is appropriated for fiscal year 2005-2006 from the Pari-mutuel Wagering Trust Fund of the Department of Business and Professional Regulation from revenues received pursuant to s. 551.118, Florida Statutes, for contract services related to the prevention of compulsive and addictive gambling.

Section 6. Paragraph (v) is added to subsection (1) of

HB 1B

2005

1261 | section 215.22, Florida Statutes, to read:  
 1262 |       215.22   Certain income and certain trust funds exempt.--  
 1263 |       (1)   The following income of a revenue nature or the  
 1264 | following trust funds shall be exempt from the appropriation  
 1265 | required by s. 215.20(1):  
 1266 |       (v)   Taxes imposed on slot machine revenues pursuant to s.  
 1267 | 551.106(2).  
 1268 |       Section 7.   This act shall take effect upon becoming a law.

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - no Sunday operation

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED	___	(Y/N)
ADOPTED AS AMENDED	___	(Y/N)
ADOPTED W/O OBJECTION	___	(Y/N)
FAILED TO ADOPT	___	(Y/N)
WITHDRAWN	___	(Y/N)
OTHER	_____	

1 Council/Committee hearing bill: Fiscal Council

2 Representative(s) Johnson offered the following:

3  
4 **Amendment**

5 Remove line(s) 968 and insert:

6 area may be open every day of the week except Sundays. The slot  
7 machine

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - Class II machines

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council  
Representative(s) Johnson offered the following:

**Amendment**

Remove line(s) 96-115 and insert:

(7) "Slot machine" means a mechanical, electronic, computerized gaming device that is a technological aid to the playing of the game of bingo and that offers wagering on the game of bingo as defined in s. 849.0931, and is capable of being linked to a facilities-based computer system for regulating, managing, and auditing the operation, financial data, and program information, as required by the division. A slot machine may accept only tickets or an electronic payment system for wagering and return or deliver payouts to the player in the form of tickets that may be exchanged for cash, merchandise, or other items of value. The use of cash, coins, credit or debit cards, tokens, or similar objects is specifically prohibited. However, an electronic credit system may be used for receiving wagers and making payouts. A slot machine is not a "coin-operated amusement machine" as defined in s. 212.02(24) or an amusement game or machine as described in s. 849.161, and slot machines are not

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - Class II machines

22 subject to the tax imposed by s. 212.05(1)(h). It is the intent  
23 of the Legislature to authorize only those mechanical,  
24 computerized, electronic or other technological aids that a  
25 federal agency or a court in a final, nonappealable order has  
26 concluded expressly meet the definition of a mechanical,  
27 computerized, electronic, or other technological aid to Class II  
28 gaming pursuant to 25 U.S.C. 2703, the Indian Gaming Regulatory  
29 Act. The Legislature does not intend to authorize any other  
30 gaming device.

31 (8) "Mechanical, electronic, computerized, or other  
32 technological aids" means any machine or device that assists a  
33 player or the playing of a bingo game as defined in s. 849.0931  
34 and broadens participation by allowing multiple players at one  
35 slot machine facility to play with or against each other in a  
36 bingo game for a common prize or prizes. Such aids may use  
37 alternative displays, including, but not limited to, a  
38 simulation of spinning reels, to illustrate aspects of the game  
39 of bingo such as when a player joins the game or when prizes  
40 have been awarded, as long as such aid continuously and  
41 prominently displays the electronic bingo card so that it is  
42 apparent that the player is actually engaged in the play of  
43 bingo. Such aids shall not:

44 (a) Determine or change the outcome of any game of bingo;

45 (b) Be an electronic or electromechanical facsimile that  
46 replicates a game of bingo; or

47 (c) Allow players to play with or against the machine or  
48 house for a prize.

49 (9) "Electronic or electromechanical facsimile" means a  
50 game played in an electronic or electromechanical format that  
51 replicates a game of chance by incorporating all of the

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - Class II machines

52 | characteristics of the game, except when, for bingo, the  
53 | electronic or electromechanical format broadens participation by  
54 | allowing multiple players to play with or against each other  
55 | rather than with or against a machine.

56 |

57 |

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - conforming to Class II

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED	___ (Y/N)
ADOPTED AS AMENDED	___ (Y/N)
ADOPTED W/O OBJECTION	___ (Y/N)
FAILED TO ADOPT	___ (Y/N)
WITHDRAWN	___ (Y/N)
OTHER	_____

1 Council/Committee hearing bill: Fiscal Council  
2 Representative(s) Johnson offered the following conforming  
3 amendment:

**Amendment**

6 Remove line(s) 1038-1045

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - child support

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
 ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
 ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
 FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
 WITHDRAWN \_\_\_\_\_ (Y/N)  
 OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council  
 Representative(s) Johnson offered the following:

**Amendment (with title amendment)**

Remove line(s) 408-428 and insert:

(10) (a) It is the responsibility of the appropriate state agency and of the judicial branch to identify to the division, in the form and format prescribed by the division, persons owing an outstanding debt to any state agency, including but not limited to child support collected through a court, including spousal support or alimony for the spouse or former spouse of the obligor if the child support obligation is being enforced by the Department of Revenue, overpayments of unemployment compensation benefits, overpayment for food stamps or other entitlements, taxes, liens, judgments, or other payments. Any slot machine prize of \$600 or more to any person having such an outstanding obligation shall be forwarded by the slot machine licensee to the division for distribution to the agency claiming the debt. The division is authorized to issue payment of the prize balance to the prize winner after deduction of the debt. If a prize winner owes multiple debts subject to offset under

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Johnson - child support

this subsection and the prize amount is insufficient to cover all such debts, the amount of the prize shall be transmitted first to the agency claiming that past due child support is owed. If a balance of prize amount remains after payment of past due child support, the balance shall be transmitted to other agencies claiming debts owed to the state, pro rata, based upon the ratio of the individual debt to the remaining debt owed to the state.

(b) It is the responsibility of the slot machine licensee to ensure that the facilities-based computer system that the licensee uses for operational and accounting functions is specifically configured to ensure the requirements of this subsection are met.

(c) It is the responsibility of the division to identify those persons specified under paragraph (a) as having such outstanding obligations and make any transmittals or payments as necessary.

(d) The division may adopt rules pursuant to ss. 120.536(1) and 120.54 to implement the provisions of this subsection, including the technical requirements of the facilities-based computer system.

===== T I T L E A M E N D M E N T =====

Remove line(s) 12 and insert:

gaming; requiring payment of child support and certain other outstanding state owed debts from slot machine prizes; providing licensing conditions on holders of

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES  
Amendment by Attkisson - \$1,200 threshold for payment of state owed debt

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Attkisson offered the following:

**Attkisson Amendment to Johnson Amendment re: state owed  
debts**

Remove line(s) 16 and insert:

slot machine prize of \$1,200 or more to any person having such  
an

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - Tax rate

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Seiler offered the following:

**Amendment**

Remove line(s) 555-556 and insert:

(a) The tax rate on slot machine revenues at each facility shall be:

1. Thirty-five percent on revenue of \$125 million or less;

2. Forty percent on revenue greater than \$125 million, but less than or equal to \$250 million;

3. Forty-five percent on revenue greater than \$250 million, but less than or equal to \$500 million; and

4. Fifty-five percent on all revenue greater than \$500 million.

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - tax rate based on number of machines

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal

Representative(s) Zapata offered the following:

**Zapata Amendment to Amendment 4 (Seiler Amendment relating to tax rates)**

Remove line(s) 6-14 and insert:

(a) Upon submission of the initial application for a slot machine license and annually thereafter upon submission of an application for renewal, the applicant shall make an election to operate a specific number of slot machines that shall determine the applicable tax rate on slot machine revenue at the eligible facility. The applicant may amend the application and elect to operate fewer or more slot machines at anytime prior to the issuance of the initial license or renewal. Provided, once the license is issued, the election shall be irrevocable, and the tax rate shall remain in effect on all slot machine revenue until the expiration of the license and without regard to whether fewer slot machines are actually operated at the eligible facility. The tax rate on slot machine revenue at each facility shall be:

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - tax rate based on number of machines

22        1. 40 percent for up to 1,250 slot machines;

23        2. 45 percent for up to 1,251 but not more than 1,500 slot

24 machines;

25        3. 50 percent for up to 1,501 but not more than 1,750 slot

26 machines; or

27        4. 55 percent for up to 1,751 but not more than 2,000 slot

28 machines.

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - conforms to Zapata Substitute Amd.

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Zapata offered the following:

**Conforming Amendment**

Remove line(s) 940 and insert:

to 2,000 slot machines within the property of the facilities of

[Note: This amendment will be offered if Zapata amendment for a graduated tax rate based on the number of slot machines is adopted.]

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - 2,000 machines

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)

ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)

ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)

FAILED TO ADOPT \_\_\_\_\_ (Y/N)

WITHDRAWN \_\_\_\_\_ (Y/N)

OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal

Representative(s) Seiler offered the following:

## Amendment

Remove line(s) 940 and insert:

to 2,000 slot machines within the property of the facilities of



HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - licenses to operate

Bill No. **HB 1B**

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council  
Representative(s) Seiler offered the following:

**Amendment (with title amendments)**

Remove line(s) 248-255 and insert:

(1) The division has the authority to prepare and implement emergency rules necessary to permit the operation of slot machine gaming at eligible facilities at any time after the effective date of this act.

(2) Notwithstanding any provision of law to the contrary, existing eligible facilities shall be permitted to conduct slot machine gaming operations on the premises described in their pari-mutuel permits no later than 30 days after the effective date of this act, provided such eligible facility's permit to conduct pari-mutuel wagering is in good standing and the eligible facility's ownership interests have been previously approved as provided in chapter 550. The eligible facility shall be allowed to conduct slot machine gaming operations until such time as permanent rules and forms have been adopted and the eligible facility has been provided a reasonable opportunity to comply with same. Furthermore, such eligible facility shall not

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - licenses to operate

be allowed to conduct slot machine gaming operations until such time as it has made payment of the initial license fee.

(3) Notwithstanding any provision of law to the contrary, a manufacturer or distributor of slot machines that holds valid gaming license in the states of Nevada or New Jersey may act as a manufacture or distributor of slot machines as provided in this chapter, upon the effective date of this act until such time as permanent rules and forms have been adopted and such manufacturer or distributor has been provided a reasonable opportunity to comply with same.

(4) Notwithstanding any provision of law to the contrary, a pari-mutuel occupational licensee holding a currently valid pari-mutuel occupational license in Florida, is eligible to act as a slot machine general occupational licensee upon the effective date of this act until such time as permanent rules and forms have been adopted and such occupational licensee has been provided a reasonable opportunity to comply with same.

===== T I T L E   A M E N D M E N T =====

Remove line(s) 12 and insert:

gaming; authorizing slot machine operations no later than 30 days after the effective date of the act; authorizing emergency rules; allows an eligible facility to conduct slot machine gaming no later than 30 days after effective date of act; provides the eligible facility with a reasonable opportunity to comply with permanent rules and forms; prohibits operation until payment of initial license fee; allows certain manufacturers and distributors of slot machines to conduct business on the effective date of this act; provides the manufacturer or distributor with a reasonable opportunity to comply with

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - licenses to operate

52 | permanent rules and forms; allows certain pari-mutuel  
53 | occupational licensees to act as slot machine general  
54 | occupational licensee on the effective date of this act;  
55 | provides the general occupational licensee with a reasonable  
56 | opportunity to comply with permanent rules and forms; providing  
57 | licensing conditions on holders of

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Substitute Amendment by Seiler - licenses to operate

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Seiler offered the following:

**Seiler Substitute Amendment 6a to Seiler Amd #6 (with title amendment)**

Between line(s) 1267 and 1268 insert:

Section 7.(1) The division has the authority to prepare and implement emergency rules necessary to permit the operation of slot machine gaming at eligible facilities at any time after the effective date of this act.

(2) Notwithstanding any provision of law to the contrary, in lieu of compliance with the licensure application process to be developed by the division by rule, pari-mutuel permitholders with eligible facilities shall be permitted to conduct slot machine gaming operations at such facilities on the premises described in their pari-mutuel permits no later than 30 days after the effective date of this act, provided such permitholder's permit to conduct pari-mutuel wagering is in good standing, the permitholder's ownership interests have been previously approved as provided in chapter 550, and, if the permitholder holds a permit to conduct pari-mutuel wagering

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Substitute Amendment by Seiler - licenses to operate

meets of thoroughbred racing, the permitholder has filed with the Division the agreements described in s. 551.104(11). The permitholder shall be allowed to conduct slot machine gaming operations at its eligible facility until such time as permanent rules and forms have been adopted and the permitholder has been provided a reasonable opportunity to comply with same. Furthermore, the permitholder shall not be allowed to conduct slot machine gaming operations until such time as it has made payment of the initial license fee.

(3) Notwithstanding any provision of law to the contrary, a manufacturer or distributor of slot machines that holds valid gaming license in the states of Nevada or New Jersey may act as a manufacture or distributor of slot machines as provided in this chapter, upon the effective date of this act until such time as permanent rules and forms have been adopted and such manufacturer or distributor has been provided a reasonable opportunity to comply with same.

(4) Notwithstanding any provision of law to the contrary, a pari-mutuel occupational licensee holding a currently valid pari-mutuel occupational license in Florida, is eligible to act as a slot machine general occupational licensee upon the effective date of this act until such time as permanent rules and forms have been adopted and such occupational licensee has been provided a reasonable opportunity to comply with same.

===== T I T L E A M E N D M E N T =====

Remove line(s) 40 and insert:

authorizing slot machine operations no later than 30 days after the effective date of the act; authorizing emergency rules; allows an eligible facility to conduct slot machine gaming no

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Substitute Amendment by Seiler - licenses to operate

52 later than 30 days after effective date of act; provides the  
53 eligible facility with a reasonable opportunity to comply with  
54 permanent rules and forms; prohibits operation until payment of  
55 initial license fee; allows certain manufacturers and  
56 distributors of slot machines to conduct business on the  
57 effective date of this act; provides the manufacturer or  
58 distributor with a reasonable opportunity to comply with  
59 permanent rules and forms; allows certain pari-mutuel  
60 occupational licensees to act as slot machine general  
61 occupational licensee on the effective date of this act;  
62 provides the general occupational licensee with a reasonable  
63 opportunity to comply with permanent rules and forms;

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - funding for 17<sup>th</sup> Circuit State Attorney

Bill No. **HB 1B**

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Seiler offered the following:

**Amendment**

Between line(s) 1259 and 1260 insert:

(4) For Fiscal year 2005-2006, the sums of \$170,884 in recurring and \$25,304 in nonrecurring funds are hereby appropriated from the Pari-mutuel Wagering Trust Fund in the Department of Business and Professional Regulation for transfer to the Office of the State Attorney, 17th Judicial Circuit, for the purpose of prosecution of offenses associated with gaming operations. Ten full-time equivalent positions, with associated salary rate of 501,273, are authorized and the sums of \$170,884 in recurring and \$25,304 in nonrecurring funds are hereby appropriated from the Grants and Donations Trust Fund in the Office of the State Attorney, 17th Judicial Circuit, for the purpose of prosecution of offenses associated with gaming operations. The Executive Office of the Governor shall place these funds, positions, and the salary rate in reserve until such time as the Office of the State Attorney, 17th Judicial Circuit, submits an expenditure plan for approval to the Executive Office of the Governor and the chair and vice chair of

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Seiler - funding for 17<sup>th</sup> Circuit State Attorney

22 | the Legislative Budget Commission in accordance with the  
23 | provisions of section 216.177, Florida Statutes.

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### Amendment by Zapata - Compact Ratification

### Amendment by Zapata - Compact Ratification

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)

ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)

ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)

FAILED TO ADOPT \_\_\_\_\_ (Y/N)

WITHDRAWN \_\_\_\_\_ (Y/N)

OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Zapata offered the following:

**Amendment (with title amendments)**

**Amendment (with title amendments)**

Between line(s) 1259 and 1260 insert:

Section 7. Any tribal-state compact relating to gaming activities which is entered into by an Indian tribe in this state and the Governor pursuant to the Indian Gaming Regulatory Act, 25 U.S.C. s. 2701 et seq., must be conditioned upon ratification by the Legislature.

activities which is entered into by an Indian tribe in this

state and the Governor pursuant to the Indian Gaming Regulatory

Act, 25 U.S.C. s. 2701 et seq., must be conditioned upon

ratification by the Legislature.

===== T I T L E   A M E N D M E N T =====

===== T I T L E   A M E N D M E N T =====

Remove line(s) 40 and insert:

Remove line(s) 40 and insert:

specified service charges; providing for ratification of tribal-

state compacts by the Legislature; providing an effective date.

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - jai alai awards

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council  
Representative(s) Zapata offered the following:

**Amendment (with title amendment)**

Between line(s) 521 and 522 insert:

(12) (a) No Slot machine license or renewal thereof shall be issued to an applicant holding a permit under chapter 550 to conduct pari-mutuel wagering on live jai alai performances unless the applicant has on file with the division a binding collective bargaining agreement with the International Jai Alai Players Association that contains provisions dedicating percentages of slot machine revenues, retained after the payment of state tax pursuant to s. 551.106, to supplementing player base salaries, supplementing retirement and pension funds, and funding competitive purses for international tournaments or such other binding agreement containing such provisions.

(b) If an impasse in the collective bargaining process prevents the collective bargaining agreement required under paragraph (a) from being filed with the division for a slot machine license or renewal, the provisions dedicating percentages of slot machine revenues to supplementing player

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - jai alai awards

base salaries, supplementing retirement and pension funds, and  
funding competitive purses for international tournaments shall  
be subject to binding arbitration.

(c) 1. If a collective bargaining impasse is reached, the  
applicant shall immediately ask the American Arbitration  
Association to furnish a list of 11 arbitrators, each of whom  
shall have at least 5 years of commercial arbitration experience  
and no financial interest in or prior relationship with any of  
the parties or their affiliated or related entities or  
principles. Each required party to the agreement shall select a  
single arbitrator from the list provided by the American  
Arbitration Association within 10 days after receipt, and the  
individuals so selected shall choose an additional arbitrator  
from the list within the next 10 days. The three arbitrators  
selected shall constitute the panel that shall arbitrate the  
dispute between the parties pursuant to the American Arbitration  
Association Commercial Arbitration Rules and chapter 682.

2. At the conclusion of the proceedings, which shall be  
within 60 days of the selection of the arbitration panel, the  
panel shall present to the parties a proposed agreement that a  
majority of the panel believes equitably balances the rights,  
interests, obligations, and reasonable expectations of the  
parties concerning the provisions described in paragraph (b).  
The parties shall immediately enter into such agreement, which  
shall be filed with the division and which shall satisfy the  
requirements of paragraph (a) and permit issuance of the pending  
initial slot machine license or renewal, notwithstanding that a  
collective bargaining agreement may remain at impasse. The  
agreement produced by the arbitration panel under this paragraph  
shall be effective until the last day of the license or renewal

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - jai alai awards

52 period or until the parties enter into a different agreement,  
53 concerning such issues, including a collective bargaining  
54 agreement. Each party shall pay its respective costs of  
55 arbitration and shall pay one-half of the costs of the  
56 arbitration panel, unless the parties otherwise agree.

57 (d) The division shall suspend a slot machine license if  
58 the agreement entered into by the parties as a result of  
59 arbitration under paragraph (c) 2. is terminated or otherwise  
60 ceases to operate or if the division determines that the  
61 licensee is materially failing to comply with the provisions of  
62 such agreement. Any such suspension shall take place in  
63 accordance with chapter 120.

64 (e) If any provision of this subsection or its  
65 application to any person or circumstance is held invalid, the  
66 invalidity does not affect other provisions or applications of  
67 this subsection or chapter which can be given effect without the  
68 invalid provision or application, and to this end the provisions  
69 of this subsection are severable.

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72  
73 ===== T I T L E A M E N D M E N T =====

74 Remove line(s) 13 and insert:  
75 thoroughbred pari-mutuel wagering permits; providing licensing  
76 conditions on holders of jai alai permits; providing for

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - \$25 M transfer fee on sale of facility

Bill No. PCB BR 05B-01

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)

ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)

ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)

FAILED TO ADOPT \_\_\_\_\_ (Y/N)

WITHDRAWN \_\_\_\_\_ (Y/N)

OTHER \_\_\_\_\_

Council/Committee hearing bill: Business Regulation

Representative(s) Zapata offered the following:

**Amendment (with directory and title amendments)**

Between line(s) 588 and 589 insert:

551.1065 Fee on transfer of ownership in eligible facility.-- Any pari-mutuel permitholder who sells or transfers in a single transaction or series of transactions a fifty percent or greater ownership interest in an eligible facility or makes any transaction by whatever means which results in a change in controlling ownership shall pay a fee of \$25 million for the first such sale, transfer, or change. Thereafter, any permitholder who sells or transfers in a single transaction or series of transactions a fifty percent or greater ownership interest in an eligible facility or makes any transaction by whatever means which results in a change in controlling ownership in such eligible facility shall pay a fee of \$5 million for such sale, transfer, or change. All fees collected pursuant to this section shall be deposited into the Pari-mutuel Wagering Trust Fund to be used by the division for enhancing compulsive and addictive gambling programs under s. 551.118.

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - \$25 M transfer fee on sale of facility

These payments shall be accounted for separately from taxes or fees paid pursuant to the provisions of chapter 550.

===== D I R E C T O R Y   A M E N D M E N T =====

Remove line(s) 45 and insert:  
sections 551.101, 551.102, 551.103, 551.104, 551.105, 551.106,  
551.1065,

===== T I T L E   A M E N D M E N T =====

Remove line(s) 15 and insert:  
fee and tax rate; imposing a fee for sale or transfer of an  
ownership interest in an eligible facility; providing for  
payment procedures;

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12

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - tax rate based on number of machines

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Zapata offered the following:

**Amendment**

Remove line(s) 555-556 and insert:

(a) Upon submission of the initial application for a slot machine license and annually thereafter upon submission of an application for renewal, the applicant shall make an election to operate a specific number of slot machines that shall determine the applicable tax rate on slot machine revenue at the eligible facility. The applicant may amend the application and elect to operate fewer or more slot machines at anytime prior to the issuance of the initial license or renewal. Provided, once the license is issued, the election shall be irrevocable, and the tax rate shall remain in effect on all slot machine revenue until the expiration of the license and without regard to whether fewer slot machines are actually operated at the eligible facility. The tax rate on slot machine revenue at each facility shall be:

1. 40 percent for up to 1,250 slot machines;

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - tax rate based on number of machines

22        2. 45 percent for up to 1,251 but not more than 1,500 slot  
23 machines;

24        3. 50 percent for up to 1,501 but not more than 1,750 slot  
25 machines; or

26        4. 55 percent for up to 1,751 but not more than 2,000 slot  
27 machines.

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12a

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - conforms to Zapata Substitute Amd.

Bill No. **HB 1B**

COUNCIL/COMMITTEE ACTION

ADOPTED	___	(Y/N)
ADOPTED AS AMENDED	___	(Y/N)
ADOPTED W/O OBJECTION	___	(Y/N)
FAILED TO ADOPT	___	(Y/N)
WITHDRAWN	___	(Y/N)
OTHER	_____	

1 Council/Committee hearing bill: Fiscal

2 Representative(s) Zapata offered the following:

3  
4 **Conforming Amendment**

5 Remove line(s) 940 and insert:

6 to 2,000 slot machines within the property of the facilities of

7  
8  
9  
10 [Note: This amendment will be offered if Zapata amendment for a  
11 graduated tax rate based on the number of slot machines is  
12 adopted.]

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - defines contiguous and connected

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED	___ (Y/N)
ADOPTED AS AMENDED	___ (Y/N)
ADOPTED W/O OBJECTION	___ (Y/N)
FAILED TO ADOPT	___ (Y/N)
WITHDRAWN	___ (Y/N)
OTHER	_____

1 Council/Committee hearing bill: Fiscal Council

2 Representative(s) Zapata offered the following:

4 **Amendment**

5 Remove line(s) 959 and insert:

6 facility. A new building is not contiguous and connected to the  
7 live gaming facility if the only connection between the two  
8 consists of sidewalks, roads, tunnels, bridges, railways or  
9 similar structures or passages of a length greater than 100  
10 yards.

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Bill No. 1B

ADOPTED	___ (Y/N)
ADOPTED AS AMENDED	___ (Y/N)
ADOPTED W/O OBJECTION	___ (Y/N)
FAILED TO ADOPT	___ (Y/N)
WITHDRAWN	___ (Y/N)
OTHER	_____

Zapata Amd -- \$1M surcharge to cover deficits

HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment by Zapata - \$1M surcharge

22 ===== T I T L E   A M E N D M E N T =====

23        Remove line(s) 15 and insert:

24 fee and tax rate; authorizing a slot machine license fee

25 surcharge; providing for a license

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

Bill No. HB 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council  
Representative(s) Barreiro offered the following:

**Amendment (with directory and title amendments)**

Remove line(s) 1233 through 1253 and insert:

(2) For fiscal year 2005-2006, the sums of \$1,024,998 in recurring funds and \$1,184,564 in nonrecurring funds are hereby appropriated from the Pari-mutuel Wagering Trust Fund of the Department of Business and Professional Regulation for transfer to the Department of Law Enforcement for the purpose of investigations, intelligence gathering, background investigations, and any other responsibilities as provided for in this act. Thirty-nine full-time equivalent positions, with an associated salary rate of 1,682,034, are authorized and the sums of \$1,024,998 in recurring funds and \$1,184,564 in nonrecurring funds are hereby appropriated from the Operating Trust Fund within the Department of Law Enforcement for the purpose of investigations, intelligence gathering, background investigations, and any other responsibilities as provided for in this act. The Executive Office of the Governor shall place these funds and positions and the salary rate in reserve until

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

22 such time as the Department of Law Enforcement submits an  
23 expenditure plan for approval to the Executive Office of the  
24 Governor and the chair and vice chair of the Legislative Budget  
25 Commission in accordance with the provisions of s. 216.177,  
26 Florida Statutes.

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31 ===== D I R E C T O R Y   A M E N D M E N T =====

32        Remove line(s)                and insert:  
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35 ===== T I T L E   A M E N D M E N T =====

36        Remove line(s)                and insert:  
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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

Bill No. **HB 1B**

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Jennings offered the following amendment with  
title amendment:

Remove line(s) 365-372, insert:

(i) Create and file with the division a written policy for  
minority persons and minority business enterprises as  
defined under s. 288.703(2) and (3):

1. Creating opportunities to purchase from vendors in this  
state, including minority vendors.

2. Creating opportunities for employment of residents of  
this state, including minority residents.

3. Ensuring that opportunities for employment are offered  
on an equal, nondiscriminatory basis.

4. Ensuring opportunities for construction services from  
minority owned contractors.

5. Beginning June 30, 2007, and by June 30 of each year  
thereafter, each slot machine licensee shall provide a report to  
the Division containing information indicating compliance with  
this paragraph in regard to minority persons.

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

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===== T I T L E   A M E N D M E N T =====

Remove line 12, and insert:

gaming; requiring creation of written policy for  
minority persons and minority business enterprises;  
requiring annual reports relating to compliance;  
providing licensing conditions on holders of

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment - greyhound disposition reporting

Bill No. 1B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council hearing bill: Fiscal Council

Representative(s) Greenstein offered the following:

**Amendment (with title amendment)**

On line 44, insert:

Section 1. Subsection (6) of section 550.2415, Florida  
Statutes, is amended to read:

550.2415 Racing of animals under certain conditions  
prohibited; penalties; exceptions.--

(6)(a) It is the intent of the Legislature that animals  
that participate in races in this state on which pari-mutuel  
wagering is conducted and animals that are bred and trained in  
this state for racing be treated humanely, both on and off  
racetracks, throughout the lives of the animals.

(b) The division shall, by rule, establish the procedures  
for euthanizing greyhounds. However, a greyhound may not be put  
to death by any means other than by lethal injection of the drug  
sodium pentobarbital. A greyhound may not be removed from this  
state for the purpose of being destroyed.

(c) It is a violation of this chapter for an occupational  
licensee to train a greyhound using live or dead animals. A

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment - greyhound disposition reporting

greyhound may not be taken from this state for the purpose of being trained through the use of live or dead animals.

(d) A conviction of cruelty to animals under ~~pursuant to~~ s. 828.12 involving a racing animal constitutes a violation of this chapter.

(e) The division shall maintain accurate records and statistics regarding injuries incurred by greyhounds that race in this state. The division shall adopt rules requiring the reporting of injuries incurred by greyhounds while racing in this state, including schooling races. Such reports must include:

1. The greyhound's registered name and right and left ear tattoo numbers.

2. The name, business address, and telephone number of the greyhound owner, trainer, and kennel operator.

3. The color, weight, and sex of the greyhound.

4. The specific type of injury, the cause of the injury, the estimated recovery time, and the location of the injury on the greyhound.

5. Where the injury occurred, whether on a racing track or in another area.

6. If the injury occurred while the greyhound was racing, the racetrack where the injury occurred; the distance, grade, race, and post position when the injury occurred; and the weather conditions, time, temperature, and track condition at the time of the injury.

7. A certification by the racetrack veterinarian that the form is correct.

(f) The division shall maintain accurate records and statistics regarding the disposition of greyhounds that

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment - greyhound disposition reporting

52 participate in racing in this state. The division shall adopt  
53 rules requiring the reporting of the disposition of greyhounds  
54 that race in this state, including schooling races. As used in  
55 the reporting requirement, the term "disposition" means death,  
56 transfer to another jurisdiction, retirement, adoption, sale, or  
57 donation for medical research or another purpose. Such reports  
58 must include:

59 1. The greyhound's registered name and right and left ear  
60 tattoo numbers; the name, business address, and telephone number  
61 of the greyhound owner, trainer, and kennel operator; and the  
62 name and address of the race track where the greyhound last  
63 raced prior to disposition.

64 2. If the greyhound was transferred to another track, the  
65 name and address of the track that received the greyhound and  
66 the name, business address, telephone number, and driver's  
67 license number and state of issuance of the person who received  
68 the greyhound on behalf of that track.

69 3. If the greyhound was retired for breeding, the name and  
70 address of the facility that received the greyhound and the  
71 name, business address, telephone number, and driver's license  
72 number and state of issuance of the person who received the  
73 greyhound on behalf of that facility.

74 4. If the greyhound was adopted or placed for adoption,  
75 the name and address of the person that received the greyhound  
76 and, if applicable, the name, business address, telephone  
77 number, and driver's license number and state of issuance of the  
78 person who received the greyhound on behalf of the adoption  
79 facility.

80 5. If the greyhound was euthanized, the name, address,  
81 professional title, professional affiliation of the person

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment - greyhound disposition reporting

performing the euthanasia, method of euthanasia, and reason the  
greyhound was euthanized rather than adopted.

6. If the greyhound was sold or donated, the name of the  
person to whom the greyhound was sold or donated, and if  
donated, the name, business address, telephone number, and  
driver's license number and state of issuance of the person who  
received the greyhound on behalf of the donee.

7. If the disposition of the greyhound does not fit into  
any of the above categories, the name of the person to whom the  
greyhound was transferred, and the name, business address,  
telephone number, and driver's license number and state of  
issuance of the person who received the greyhound.

8. Certification by the owner, trainer, and kennel  
operator that the disposition forms are correct.

(g) The division shall maintain injury and disposition  
records for 7 years.

(h) In addition to other penalties imposed by law, a  
person who knowingly makes a false statement on an injury or  
disposition form commits a misdemeanor of the first degree,  
punishable as provided in s. 775.082 or s. 775.083. A person who  
knowingly makes a false statement on an injury or disposition  
form on a second or subsequent occasion commits a felony of the  
third degree, punishable as provided in s. 775.082, s. 775.083,  
or s. 775.084.

===== T I T L E A M E N D M E N T =====

Remove line 2 and insert:

An act relating to pari-mutuel wagering; amending s.  
550.2415, F.S.; requiring the Division of Pari-mutuel  
Wagering in the Department of Business and Professional

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment - greyhound disposition reporting

112 Regulation to maintain certain records regarding injuries  
113 and the disposition of greyhounds that race in this state;  
114 providing guidelines and requirements for injury and  
115 disposition report forms; providing for the adoption of  
116 rules; providing penalties; creating ch. 551,

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

Bill No. **HB 1B**

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council  
Representative(s) Barreiro offered the following:

**Amendment (with directory and title amendments)**

Between Lines 1012 and 1013 insert:

551.120 Conduct of referendum election for slot machines.

(1) Slot machines shall not be authorized and no slot machine operations shall be conducted at a licensed pari-mutuel facility located in Miami-Dade county or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 until such time as such slot machines operations are approved by the majority of electors participating in a referendum election in the county in which the applicant proposes to conduct slot machine activities. Any licensed pari-mutuel facility located in Miami-Dade county or Broward County existing at the time of adoption of s. 23, Art. X of the State Constitution that has conducted live racing or games during calendar years 2002 and 2003 may apply to the division for a license to conduct slot machine operations under this chapter. Applications for a license to conduct slot

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

22 machine operations shall be subject to the provisions of this  
23 chapter.

24  
25 (2) Each referendum held under the provisions of this section  
26 shall be held in accordance with the provisions of chapters 97-  
27 106, except as otherwise provided in this chapter. A  
28 referendum may be held for more than one licensee applicant for  
29 slot machine operation in a given county if the written  
30 applications for each such licensee applicant under chapter.  
31 551. are filed simultaneously or are otherwise filed within the  
32 times specified by said provision to allow the conduct of a  
33 single referendum. The expense of such referendum shall be  
34 borne by the licensee applicant(s) requesting the referendum.  
35 For purposes of expense in excess of routine operating expenses  
36 that are incurred by the governing body, the supervisor of  
37 elections, and other essential governmental entities in  
38 conducting the election. If the referendum is being held at  
39 the request of more than one licensee applicant, each applicant  
40 shall be responsible for an equal share of the expense.

41  
42 551.1205 Elections for ratification of slot machines.

43  
44 (1) Any authorized applicant for a license to conduct slot  
45 machine operations pursuant to this chapter may have the  
46 question of whether that slot machine license application will  
47 be ratified or rejected submitted to the electors of the county  
48 designated in s. 23, Art. X of the State Constitution. Such  
49 question shall be submitted to the electors for approval or  
50 rejection at a special, primary, or general election. The  
51 licensee applicant shall present a written application to the

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

52 governing body of the county that requests a referendum election  
53 in that county pursuant to s. 551.120 and this section,  
54 accompanied by a certified copy of the application filed with  
55 the division. Within 30 days after receipt of the written  
56 application, the governing body shall order a special referendum  
57 election. The election shall be scheduled for no sooner than 21  
58 days nor more than 90 days from the date on which it is ordered.  
59 Provided, the referendum election will be held in conjunction  
60 with the primary election if the application is received within  
61 not more than 90 nor less than 60 days of such election or in  
62 conjunction with the general election if the application is  
63 received not more than 90 nor less than 60 days prior to that  
64 election. The governing body shall give notice of the  
65 referendum election by publishing notice once each week for 2  
66 consecutive weeks in one or more newspapers of general  
67 circulation in the county.

68  
69 (2) (a) Once an slot machine license application has submitted  
70 to the Division, the application shall remain active and the  
71 licensee shall have a period of 2 years in which to request a  
72 referendum election pursuant to this section or such slot  
73 machine license machine operations at a licensed pari-mutuel  
74 facility located in Miami-Dade county or Broward County existing  
75 at the time of adoption of a.23, Art. X of the State  
76 Constitution that has conducted live racing or games during  
77 calendar years 2002 and 2003 reject such question, the slot  
78 machine license(s) shall become effective immediately upon the  
79 Division's approval of such application(s), or subsequent  
80 supplemental, amended or substitute application(s), and the  
81 license applicant may conduct slot machine operations upon

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

82 complying with the other provision of this chapter. If the  
83 majority of electors voting on the question of whether to  
84 authorize slot machine operations at a licensed pari-mutuel  
85 facility located in Miami-Dade County or Broward County existing  
86 at the time of adoption of s. 23, Art. X of the State  
87 Constitution that has conducted live racing or games during  
88 calendar years 2002 and 2003 reject such question, such license  
89 shall become effective upon the Division's approval of the slot  
90 machine license application, and the slot machine licensee shall  
91 pay to the division within 10 days of its receipt of written  
92 notice from the division of the division's approval of its  
93 license application, any license fees or security bonds required  
94 by this chapter.

95  
96 (b) If the majority of electors voting on the question of  
97 ratification of rejection of whether to authorize slot machine  
98 operations at a licensed pari-mutuel facility located in Miami-  
99 Dade county or Broward County existing at the time of adoption  
100 of s. 23, Art. X of the State Constitution that has conducted  
101 live racing or games during calendar years 2002 and 2003 reject  
102 such question, any slot machine license applications from a  
103 qualified licensed pari-mutuel licensee seeking to operate slot  
104 machines in such county shall become void. The governing board  
105 of the county shall immediately certify the results of the  
106 election to the division.

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111 ===== D I R E C T O R Y A M E N D M E N T =====

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

112 Remove line(s) 47 and insert:  
113 551.116, 551.117, 551.118, 551.119, 551.120, 551.1205, 551.121,  
114 and 551.122, is

115  
116 ===== T I T L E A M E N D M E N T =====

117 Remove line(s) 27 and insert:  
118 caterer's license; providing the requirement for a county  
119 referendum to authorize certain licenses; providing procedures  
120 for the county referendum; specifying prohibited activities and

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

Bill No. 0001B

COUNCIL/COMMITTEE ACTION

ADOPTED \_\_\_\_\_ (Y/N)  
ADOPTED AS AMENDED \_\_\_\_\_ (Y/N)  
ADOPTED W/O OBJECTION \_\_\_\_\_ (Y/N)  
FAILED TO ADOPT \_\_\_\_\_ (Y/N)  
WITHDRAWN \_\_\_\_\_ (Y/N)  
OTHER \_\_\_\_\_

Council/Committee hearing bill: Fiscal Council

Representative(s) Ryan offered the following:

**Amendment (with title amendment)**

Remove line(s) 568-575 and insert:

(3) PAYMENT AND DISPOSITION OF TAXES.--

(a) Payment for the tax on slot machines revenues imposed  
by this section shall be paid to the division. The division  
shall deposit these sums with the Chief Financial Officer, to  
the credit of the Pari-mutuel Wagering Trust Fund. The slot  
machine licensee shall remit to the division payment for the tax  
on slot machine revenues. Such payments shall be remitted by 3  
p.m. Wednesday of each week for taxes imposed and collected for  
the preceding week ending on Sunday. The slot machine licensee  
shall file a report under oath by the 5th day of each calendar  
month for all taxes remitted during the preceding calendar  
month. Such payments shall be accompanied by a report under oath  
showing all slot machine gaming activities for the preceding  
calendar month and such other information as may be prescribed  
by the division.

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HOUSE AMENDMENT FOR COUNCIL/COMMITTEE PURPOSES

Amendment No. (for drafter's use only)

(b) From moneys received under this section, up to \$500 per machine shall be transferred to the district school board of the district in which the machine is located to be distributed as provided in this paragraph.

1. The school district where the slot machine licensee is located shall request such moneys as are available under this subsection for reimbursement of the following additional expenses:

- a. Supplemental public education instruction expenses;
- b. Classroom and school facilities construction expenses;
- c. School safety expenses; or
- d. Educational infrastructure expenses.

Eligible expenses under this paragraph must have been incurred as a direct result of the slot machine licensee's operation of slot machines in the school district during the immediately preceding year.

2. The Department of Education shall distribute the moneys available under this paragraph for reimbursement of expenses to the school district only after conducting an independent audit for the purposes of determining the amount of the additional expenses to the school district that are attributable to such district as a direct result of the slot machine licensee's operations of slot machines in the school district during the immediately preceding school year.

===== T I T L E   A M E N D M E N T =====

Remove line(s) 15-16 and insert:  
providing for certain distributions to school districts;

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